UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

JEANNIE K. MAY,	)	
	)	
Plaintiff,	)	
	)	
v.	)	**No. 4:14-CV-578-TCM**
	)	
NATIONSTAR MORTGAGE, LLC,	)	
	)	
Defendant.	)	

JURY TRIAL
VOLUME 3

BEFORE THE HONORABLE THOMAS C. MUMMERT III
UNITED STATES MAGISTRATE JUDGE

NOVEMBER 18, 2015

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(Produced by computer-aided mechanical stenography.)

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(The following proceedings were held within the hearing and presence of the Jury.)

THE COURT: Okay. Morning, ladies and gentlemen. Thanks for being on time. You probably didn't know how to get here without the rain. It's the first day of -- yes, ma'am. Oh, thank you. Got it.

We're going to start with -- continue the Plaintiff's examination of the witness. Before I do that, I've been asked to read this stipulation. The stipulation simply means that both sides agree to this, whatever I'm going to read to you.

The parties -- Plaintiff Jeannie K. May and Defendant Nationstar Mortgage, LLC -- hereby stipulate to the following: That the notice of the trustee sale attached hereto as Exhibit A was published in *The Countian* for 17 days from February 4, 2014 for February 20, 2014.

All right. That being said, I think the witness is -- Mr. Loll, do you want to step forward and be sworn in. I take the position that oaths are only good for 24 hours. So you have to be sworn in the second day.

(Witness sworn.)

THE COURT: You may begin, Mr. Humphreys. Thank you.

MR. HUMPHREYS: Thank you, Your Honor.

ANDREW J. LOLL,

HAVING BEEN FIRST DULY SWORN, WAS EXAMINED AND TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

(continued from 11/17/2015)

BY MR. HUMPHREYS:

Q Good morning, sir.

A Good morning.

Q The nature of Nationstar's business is that there are times when the company has to take someone's home; is that true?

A Excuse me. Has to take on -- repeat the question again.

Q Sure. The nature of your business at Nationstar is that there are times when you have to take somebody's home?

A That's correct.

Q And do you -- you recognize the gravity of that situation, right?

A Absolutely.

Q And how important it is to get the process right?

A Totally agree.

Q And you know what happens to people or what can happen to somebody whose home is taken from them. Even if it's under the best of circumstances, it can tear families apart.

A I understand.

Q People can become homeless?

A I understand.

Q Knowing all those things, do -- do the -- the front-line operators at Nationstar, are they trained, given any type of sensitivity analysis, if you will, or sensitivity training to make them understand the gravity and the seriousness of what's happening?

A Absolutely. Every day.

Q Okay. And Nationstar has -- that's a lot of power, isn't it, to be able to file a piece of paper with the court or with the Clerk of the Court and, by virtue of filing a piece of paper, you can get an order and have the sheriff come to their home and make them leave?

The people leave their house and take legal title to their home; is that right?

A That's correct.

Q And with that power to take property from homeowners comes a lot of responsibility, right?

A Absolutely.

Q You have to be absolutely sure each time that you're right; is that true?

A Not necessarily. You -- the -- when the process is completed, it's got to be right. There's safe -- there's safe walls between the filing of foreclosure until the actual sale date that there's opportunities to reconcile errors, address errors, and let courts intervene.

But, end of the day, the courts need to get it right. We need to get it right. I would never want a customer to lose their home on our errors alone.

Q Do you not feel, sir, that taking that attitude is shifting the burden of your responsibility to get it right onto other folks, like the courts and homeowners?

A No. I hold us 100 percent responsible to get it right, but there is other safeguards if we make a mistake, but I hold our company accountable first.

Q Okay. Isn't that what happened here, though? You shifted the burden to Ms. May to fix your errors?

A I don't think we shifted the burden. She exercised her rights that she was entitled to. Assisted with today's litigation, she still is retained in her home. She hasn't lost it. And we recognized our error and addressed it.

Q Do you feel like you disregarded your obligations at Nationstar to not collect on people who are current?

A I'm not proud of what I saw in her -- in testimony.

Q Okay.

A And I wouldn't want that to happen to any other customer.

Q Now, putting your pride aside, sir, do you believe, as the representative for Nationstar here, that your company lived up to its high responsibility with regard to the way it treated my client?

A We did not.

Q And did you disregard your obligations to get it right here?

A We didn't get it right. And if "disregard" is the word you want to use -- efforts were made and good intentions by good people that made mistakes, but we got it wrong.

Q But you're telling us here that you did your best --

A No.

Q -- at Nationstar?

A They had good intentions. I have a -- I hold a higher standard for a company. The best wasn't presented in this particular case to Jeannie May. That's not the best of Nationstar.

Q Using your logic here, is it okay to have good intentions and close your eyes and run through -- in a car and drive through an intersection filled with people but then say, "Well, I had the best of intentions"? Is that good enough?

A Good intentions is never enough. It's what's your execution. That's what really matters.

Q Isn't it -- yeah, you've heard the saying, I think, about the -- a certain road?

A Pardon me?

Q The road to hell is paved with good intentions.

A Yes.

Q It's really actions. They speak louder than intentions, don't they?

A That's correct.

Q So let's get through the stuff we have to get through to give this case to the Jury here. I'll do it as quick as I can.

Have you had a chance to look at the exhibits we're going to use with you today, the ones we gave to your lawyers last night?

A I looked at quite a few exhibits last night. I don't know specifically.

THE COURT: Hold on for a second, Mr. Loll.

MR. TILLOTSON: Your Honor, to prepare him, so we could move faster through them, we gave him a list. We have those available, but I didn't stack them for him, though.

THE COURT: Actually, I directed you to do that, did I not?

MR. TILLOTSON: Correct, Your Honor.

Q (By Mr. Humphreys) I'm not suggesting -- and I apologize if there's any inference here. There's nothing wrong with it. I want to get through this with you.

And my question is: Did you have a chance to look at the records we're going to look at today so you don't have to sit here and read them today?

A I looked at records. I don't know if I've reconciled to what the Court expected me to look at.

Q Okay. Okay. Let's get started.

THE COURT: To be fair, you know, he doesn't know exactly what you're going to show him.

Q (By Mr. Humphreys) Okay. You didn't see my email. So

you don't know what I'm going to use, I suppose, is what you're saying?
A I understand. I'll do the best I can --
Q Okay.
A -- with whatever you show me.
Q Okay. There you go.
Yesterday, we looked at Exhibit 41. I'm going to --
MR. HUMPHREYS: May I approach and hand the witness --
THE COURT: Yes.
MR. HUMPHREYS: Just for the interest of time, Your Honor, is it all right if I just do that?
THE COURT: Absolutely. You don't have to ask.
Q (By Mr. Humphreys) So you have before you Exhibit 41. We went through this yesterday. This is Nationstar's response to a qualified -- or to a letter that my client sent. And is it true that the folks who responded to this letter have a higher level of experience and training at Nationstar?
A Yes, they have more advanced training as it relates to researching areas of concern and problems.
Q Okay. Is there any minimum expectations in terms of what kind of length of service they have to have at Nationstar or how much time on the job they have to have?
A It's not necessarily the length of time at Nationstar because they could come from other companies and be familiar

with the mortgage-type records, but we expect our people to be competent to handle this area. It's an important area of Nationstar in our servicing.
Q Okay. But, in any event, these are the folks that have a -- these are -- the most seasoned people you have are populating this qualified written request department?
A I wouldn't use the word "seasoned." I'm seasoned. I have 15 years with the company. I don't work in research. I work in litigation support. Their seasoning doesn't really have anything to do with it. It's their knowledge of do they understand what the customer is looking for and do they know where to find the information and deliver it to the customer within a timely manner.
Q Okay. And, to your knowledge, were all the procedures at Nationstar followed by Marlene Amaya when she wrote this letter?
I'll withdraw the question in the interest of time. Let's move forward. Let me hand you Exhibit 42.
Now Exhibit 41, we just looked at that, was signed by Marlene Amaya; is that true?
A Sir, you're confusing me. There's no question on the table for Exhibit 41?
Q I just want to confirm before we move forward that the exhibit we last looked at, 41, is signed by a Marlene Amaya, who says she's a customer relations specialist at Nationstar.

Is that true?
A That's true.
Q All right. And Exhibit 42 is an email from Ms. Amaya; is that right?
A It's an email from Elizabeth Brown to Marlene Amaya.
Q Okay. Let's look at the bottom of it -- I apologize for not being more clear here -- down by the exhibit sticker.
A Yes, sir.
Q Is that an email from Marlene Amaya to the bankruptcy department at Nationstar?
A I believe it is. I believe Elizabeth Brown and Crystal Lebredo work in the bankruptcy area.
Q Okay. All right. Well, and this is August 30th, 2013, right, is the email from Marlene Amaya?
A Yes, August 30, 2013.
Q Okay. And she's reaching out to the bankruptcy department four days before she sends this letter to Ms. May, right?
A Yes.
Q So the bankruptcy department is well aware of this issue in August of -- and September time period of 2013; is that true?
A Let me just catch up to you. Just so I follow your -- your questioning, 8-30-2013, the email goes from Marlene Amaya to the bankruptcy group. The response goes back out about

four days later on September 3rd. So your question as it relates to the communications from Marlene Amaya is: That's letting your bankruptcy people know what the issues are, correct, and that assisted in the response on September the 3rd?

Q Mm-hmm.

A Is that my understanding of --

Q In fact -- yeah, the bankruptcy department is giving suggested edits to the QWR people in -- in this September 3rd, 2013, email, the top of Exhibit 42; isn't that true?

A It's -- I'm reading it as: I have requested that the borrower Jeannie May, loan number, wanted Nationstar to validate the debt. Can the following documents be confirmed and sufficient to send?

And that goes to the May QWR TILA resolution letter in the document file.

Q Okay. Would this have been an opportunity for the bankruptcy department to figure out that Mr. Muller's suggestion to fix this account had been denied by cash?

A In my opinion, yes.

Q Let's take a look at Exhibit 47. We looked at this letter, I think, yesterday briefly.

Is that a December 19th, 2013, letter from Bob Healey to Nationstar or -- excuse me -- to your lawyers?

A It is.

Q Okay. And you've -- you know that this letter was actually received by Nationstar, right? Nationstar was given this letter? Or do you?

A Well, I'm pretty sure we have that. It looked like it was presented by -- oh, excuse me. It was submitted by Nationstar. That's correct.

Q Okay. And is there enough information in this letter that somebody at Nationstar could have looked into this account and determined that there was a serious problem at Nationstar?

A I'm sorry. Repeat your question again. I think I understand it, but I want to make sure.

Q Without getting into granular detail about every word and every sentence in that letter, is it fair to say there's enough information in that letter that was sent over to Nationstar from Mr. Healey that should have triggered further investigation to get to the bottom of Nationstar's error here?

A Yes.

Q Let's go to Exhibit 48.

Is this letter here the response of December 30th to Mr. Healey's letter from Nationstar's lawyers Martin, Leigh, Laws & Fritzlen?

A Yes, it is.

Q And they sent over a payment history, is what their response was, and some other information that's listed in the

first paragraph of the letter?
A That's correct.
Q And that payment history that they're talking about there contains the same false information Ms. May has been complaining about since she found out about it in March of the same year, right?
A That's correct.
Q And so let me hand you 49.
Is that a letter from Mr. Healey to Nationstar's lawyers dated January 14th, 2014?
I'm sorry. Do you have enough --
A I read it. If you could repeat your question.
Q Okay. Yeah. Is this the response from Nationstar's lawyers -- I'm sorry. Is this January 14th letter a follow-up by Mr. Healey to -- to Nationstar's lawyers here, asking them -- giving them more information?
A I would interpret that to be a correct assessment.
Q Okay. He says that none of the issues, questions, or concerned raised in his original letter were answered, right?
A That's -- that's what the letter says.
Q No explanation was given why Nationstar has the right to do what it was doing?
A That's correct.
Q So would you expect Nationstar's lawyers to respond to a letter of this seriousness, this type of importance?

A I would have expected the letter be escalated within our company for further review.
Q And let me -- or have handed to you Plaintiff Exhibit No. 50. That's about a week later, right? January 21, 2014, Nationstar's lawyers respond to Mr. Healey -- or let me strike that.
Is what you have before you there, Exhibit 50, a January 21st, 2014, letter from Nationstar's lawyers to Bob Healey?
A It is.
Q And are you aware of any other response to Mr. Healey's January 14th, 2014, letter other than what we see here in Exhibit 50?
A I would have to review the communication logs.
Q So you're not aware of one that you can tell us about off the top of your head?
A Not off the top of my head --
Q Okay.
A -- without reviewing our communications log. We've responded.
Q All right. Well, if you find one, let us know when it's your turn -- when your lawyer gets a chance to ask you questions --
A I understand.
Q -- because I didn't see one.

But this, what we're seeing here, Exhibit 50, this letter here, isn't responding in any way to this request for more information and an explanation as to why Nationstar has this right to foreclose; is that true?

A No. I think what's happened is we've responded back with the records that we have that show the amount that's identified that caused the default and also shows what the increase in payments were, but the root cause of the issue was she was challenging that she was in default on that transaction.

Q On January 14th, Mr. Healey writes this Exhibit 49.

And is it fair to say the response is notice of sale? This is giving Ms. May notice through her -- to her attorney that this law firm is going to put up Ms. May's home for sale at the court building here in St. Louis at public auction to the highest bidder for cash -- her home, right?

A Yes, sir.

Q And this notice of sale, we just agreed, was also put in the -- in a newspaper, right?

A That's my understanding.

Q And published -- what -- every day for 18 days?

A I believe it's approximately 18 days.

THE COURT: Actually, 17 days is what the stipulation says.

MR. HUMPHREYS: 17 days. Thank you, Your Honor.

17 days.

MR. TILLOTSON: That's correct.

Q (By Mr. Humphreys) And every one of those publications said that Ms. May didn't pay her bills, didn't pay on her home.

And her home was going to be sold because of that, right?

A I'm sorry. Repeat that question because the posting is very specific in how it's posted.

Q Okay.

A I could give you testimony as to what the posting says.

Q It says -- yeah, there's no -- it says that she didn't pay her bills essentially, that she defaulted on her obligations to Nationstar, right?

A Before I answer that question, I would like to see how it's posted.

Q Okay.

A Because you're asking me what it's saying, and I would like to tell you exactly what it says when it's in the paper.

MR. HUMPHREYS: Your Honor, I don't have an extra copy of that, the document you read this morning. I think it's attached to the stipulation.

THE COURT: Oh, I'm sorry. It is. Do you want to --

MR. HUMPHREYS: May I examine it?

THE COURT: Yeah. Let me make sure we got this. I'm going to read it.

MR. HUMPHREYS: Yes, Your Honor.

THE COURT: "Trustee sale in re Jeannie May, single person. A trustee sale for default under the terms" --

Do you have any objection to this? I assume you don't.

MR. TILLOTSON: No, Your Honor, I don't. They can show it on the screen, or Your Honor can read it.

THE COURT: Yeah, I'll read it so we can move this along.

"Trustee sale for defendant under the terms of Deed of Trust executed by Jeannie May, a single person, dated March 30, 2007, recorded on April 4, 2007, as Document No. 1044, in Book 17505, page 673, Office of Recorder of Deeds, St. Louis County, Missouri. The undersigned successor trustee will, on Monday, February 24th, 2014, at 10:00 a.m., at the north front door of the St. Louis County Government Center Court Building, First Floor, Plaza Level, 7900 Carondelet Avenue, in Clayton, Missouri, sell at a public venue to the highest bidder for cash Lot 17, in Block 3 of Pagewood Subdivision, according to the plat thereof, recorded in Plat Book 21, pages 46 and 47, of the St. Louis County, Missouri records to satisfy said debt and costs. Martin, Leigh, Laws & Fritzlen, PC, successor trustee. Richard L. Martin, Vice President." There's a phone number and an email address and then simply the information about the law firm.

"As successor trustee is attempting to collect a debt, and any information obtained will be used for that purpose." And, again, it's the date of February 4, 2014.

MR. HUMPHREYS: Thank you, Your Honor.

Q (By Mr. Humphreys) Let's move along here. Let me hand you a copies of Exhibit 5 and 43, and I think -- I think we may have covered this in either your deposition or live testimony. I just want to confirm one fact here. In the modification that Nationstar submitted to Ms. May for her signature, if she would have signed that document, she would have had to pay that $5,000 that -- again that Nationstar took off of her loan; is that right?

A Can you direct me to the page of the exhibit?

Q Yeah. Okay. First of all, let's take a look at 5, which is her May --

THE COURT: I'm sorry. What exhibit number is this?

Q (By Mr. Humphreys) Exhibit No. 5 is a March 14th, 2013, letter from Nationstar to Ms. May sending her a copy of her payment history on her loan, right? This is before the funds were removed. Again with the sideways.

If you would please, let me direct you specifically to the May -- let's call it May258, the transaction date of March 8th, 2013. Do you see that?

A Can you identify by the transaction line on the left-hand side where you're directing me?

MR. TILLOTSON: The code number on the far left corner.

Q (By Mr. Humphreys) 210.

A 210?

Q Okay. 210, yeah.

A Yes, sir.

Q And what is the balance on the account as of that date?

A The principal balance is $92,664.75.

MR. HUMPHREYS: Your Honor, I'm not able to highlight the document. I'm not sure if that's something we're dealing --

THE COURT: Yeah, hang on a second. Let's see if we can get that taken care of.

Q (By Mr. Humphreys) Okay. We'll go ahead and use the cursor, I guess, circling the number there.

Is that the principal balance on the loan as of the date of that transaction?

A Yes. That would be the principal balance as of that date.

Q And the balance there is 92 --

THE COURT: It's going to -- it's rebooting. We do a lot of rebooting around here. Never know what it means, but that's what we do.

Q (By Mr. Humphreys) Okay. So take a look at the document.

THE COURT: We'll pull it up now. Try it now. See if you can . . .

Q (By Mr. Humphreys) All right. So we show here a $92,664.75 unpaid principal balance on the loan as of the date of this transaction; is that right?

A That's correct.

Q If we move this to the left a little bit here, we can see the date.

That's March 8th, 2013, right?

A That's correct.

Q Okay. Then take a look at Exhibit 43.

That's a modification that Nationstar mailed by FedEx dated August 21, 2013; is that right?

A That's right.

Q And if we go to the first page of the modification, which is stamped as May300.

And they're telling her that, as of September 1, principal balance of her loan is $97,981, almost $98,000, right?

A That's correct.

Q It's about $5,000 more than it was five months before.

Her principal balance has gone up by $5,000, right, about?

A No. It hasn't gone up. The principal balance was 92,664.75. The documents on May300 is a modification proposal. And what that's -- what that's doing is, since our system is reading it as delinquent, it's picking up the delinquent payments, any delinquent escrow. And then it's bundling that amount into a proposed new loan amount.

Q Okay.

A That's why it's there. Until the loan is consummated, the principal balance is not increased.

Q Okay.

A So the interest charges on the balance wouldn't increase.

Q Okay. Without diving into all of the accounting details, the effect of this is that she would have had to pay that $5,000 that Nationstar took off her loan if she would have signed this modification agreement; is that true?

A I'm sorry. Repeat the one other question.

Q The effect of -- if she would have entered into this loan modification that was presented to her by Nationstar for her signature, if she would have signed off on that, the effect of it would be that she would have had to repay over time in interest Nationstar for the $5,000 it removed off of her account?

A It would have adjusted her principal balance by that, but by review of the total payments would have went down because the mod deferred principal of --

THE COURT: Wait a minute. The question wasn't about payments. The question was the total amount.

The total amount increased because they threw that extra $5,000 in on the new adjusted loan, right?

THE WITNESS: I thought he was asking me about payments.

THE COURT: No. He didn't say a thing about payments. He said that the total amount increased $5,000 if she signs the agreement, right?

THE WITNESS: Yes.

THE COURT: Thank you. Move on.

Q (By Mr. Humphreys) Now, we talked to you in opening a little bit about streamlining the case here, but one thing that's at issue is that you guys have not admitted you're a debt collector; is that right?

A No. We always disclose on memoranda that this may be an attempt to collect a debt.

Q The principal business of Nationstar is to collect loans that are due -- that are owed to other folks, right?

A No. We also do mortgage originations and other servicing in the company. We have multiple business functions, but we service mortgages. That's our primary -- a primary portion of our business is servicing mortgages.

Q Okay. Primary not principal.

So the primary -- whatever your word is, the business of Nationstar is to collect debts owed to other folks, true?

A Correct. That's the bulk of what we do.

Q Okay. In this case the loan was owned by Fannie Mae. We've gone over that, right?
A That's correct.
Q All right. And this account, when it came to Nationstar from Citi, was in a bankruptcy status, right?
A That's correct.
Q And are bankrupt customers in default?
A I need more clarity.
Q I mean, by definition, if you're in bankruptcy, the account's in default, right?
A At the time you file bankruptcy, you're in default.
Q Right. And when you exit the bankruptcy, that's -- when the notice to cure came out in '13, that's when the account was declared current; isn't that true?
A That's correct.
Q Okay. So she was in default, then, when this account was transferred to Nationstar?
A In some manner, she would have been in default --
Q Okay.
A -- because she was still in bankruptcy.
Q Okay. All right. And -- and Nationstar holds itself out as a debt collector, right? It tells people -- in fact, we heard it on the recordings, "This is a call from a debt collector. Any information you give is going to be used to collect the debt," right?

That's a disclosure you give in your phone calls?
A We give a disclosure that this may be used to attempt to collect a debt.
Q Okay.
A And Nationstar does act as debt collector in some cases but not all cases.
Q Okay. And how about this case? Were you a debt collector?
A We collected the payments. I don't necessarily know, from a legal perspective, if we're considered a debt collector under the Fannie Mae portfolio --
Q Okay.
A -- whether or not we're the creditor or not. So operations, I would say, we collect the payments.
Q Okay. We'll let them sort it out whether or not you're a debt collector. That's fine.
And your letters, for example, on Exhibit 5 that we just looked at there on the bottom of it, "This is an attempt to collect a debt. Any information could be used for that purpose"; is that right?
A You said exhibit what number?
Q 5. You've got your mini *Miranda* on the bottom of that? Isn't that what you call it?
A I have Exhibit 52. 50 --
Q 5 is the March 14th, 2013, letter that has the payment

history attached to it.
A I can't find Exhibit 5.
Q It's on the screen right here.
A But I would say that our disclosure is the same on all our documents.
Q Okay. This is a disclosure you give to comply with the requirements of the Fair Debt Collection Practices Act, right?
A That's correct.
Q And you're telling people that you're a debt collector, right, by that? True?
A We have that same disclosure, but we're not the debt collector on every loan that we service even though we would have that disclosure on every loan.
Q But yet you're denying to the Court that you're a debt collector for the purpose of this lawsuit?
A From a legal perspective, I could just tell you that we collected the debt for -- on behalf of Fannie Mae.
Q Okay. And we're going to have handed to you what's been marked as 157.
And is that a photocopy of inspection reports that were provided to Nationstar?
A Yes.
Q Nationstar sent people out to my client's home to inspect it?
A They generally do a drive-by.

Q Okay.

A They don't generally enter the property.

Q Okay. I'm not saying that they did go into her home in this case, but that's something you can do in certain circumstances?

A We're required by Fannie Mae to do periodic checks on the property to ensure the utilities are on and occupancy is validated.

Q Okay. And -- but you're only required to do that on loans that are truly in default, right?

A And there is other conditions. If the property appears to be unoccupied for a period of time -- mail is being returned, utility bills aren't being paid -- we still have responsibility to have oversight over the property even if it's current.

Q Well, Ms. May never left her home, did she? You're not saying that, are you?

A No, I'm not.

Q Okay. And if we scroll through this, we can see some photos of her home. And specifically take a look at -- yeah, let's -- Nationstar 673.

That's -- what's the purpose of that photo? Why did Nationstar have that done?

A 673?

Q Yeah.

A It's the vendor confirming that they did a drive-by on the correct property.

Q Okay. When you say "vendor," you mean Solutionstar, right?

A This one was done by Field Asset Services. That's not -- that wasn't Solutionstar.

Q Okay. That's a company that Nationstar chose to hire in this case?

A That's correct.

Q Do you guys have any ownership interest in it?

A Not to my understanding, not Field Asset Services, no.

Q Okay. And if you look at 682, this visual observation that's being done, how do they determine whether or not she lived in her home?

A You said 682?

Q Yes.

A They would look for, if it's snowing, did you see any car tracks, did you see any footprints going through the front door, did you see any mail piling up on the door, do you see a light on, do you see a utility tag that says utilities were turned off.

That's what they're doing to validate that someone is actually living there.

Q In this case they were looking in her personal property around the house there to see that she had some decorations up

on this particular inspection; is that right?
A Can you direct me to your exhibit?
Q Yeah. That would be the same one there.
A Talking about decorations?
Q Yes. 6 -- it's up on the screen. What's that number? And that would be -- I apologize -- 682.
If you look at that there, I just want you to confirm for us here that there was a visual, that occupancy was determined by a visual observation; somebody was seeing that she had some decorations up, and that was the basis to confirm that she, in fact, lived there still.
A Yes, sir.
Q As this house got close to the foreclosure sale, is it the usual practice at Nationstar to increase the amount of times people come by and take photos of the home?
A That's the practice, yes.
Q It's done every day?
A I don't know if it's every day, but it's definitely at a higher ratio than it was previously. That's where you have the highest exposure to vandalism on the property.
Q Let me have handed to you, if I could, what's been marked as Plaintiff 2, Exhibit 2. That's the collection history profile that's been discussed here quite a bit. Take a look at what's been stamped as Nationstar 1835.
And if you look at the entry that's on February 3rd,

2014, does that say that there are daily inspections ordered?
A Excuse me. Did you say 1835?
Q 1835, February 3rd, 2014, property inspection ordered, daily inspection orders.
A Okay. I'm at 1835. Can you direct me to where you would like me to look?
Q Yeah. That'd be the 2-3-2014 entry.
A Yes, sir.
Q Okay. So you can confirm for this Jury that daily inspections were being done as the foreclosure sale date that you posted came closer, right?
A Yes. That's ordering a property inspection. That's correct.
Q And you charge the borrower for those inspections, right?
A That depends.
Q Well, they were placed on the borrower's account for payment; is that true?
A Yes.
Q Okay.
A But it depends if they get paid back by the borrower or not. Not necessarily.
Q All right. And do you know if Solutionstar, your company -- your sister company, as part of Nationstar, did any of the inspections here?
A Are you referring to Exhibit 161?

Q Yes. Doesn't that establish that Solutionstar was doing inspections on the home?
A At some point in time, they began doing the inspections rather than Field Asset Services.
Q Okay. Yeah, and that started in -- the first billing we have here is October 7th, 2014; is that right? I'm sorry. September. All right. Anyway, they say what they say.
Solutionstar, Nationstar's company, was doing inspections as early as February 2014; is that true?
If you look at the screen, you can see that. Is your screen on?
A That would be correct.
Q Okay. Now, these drive-bys -- are you aware of incidents where the homeowner is -- sees what's going on and there's a confrontation that comes up because someone's parked in front of your house photographing it?
A Very rarely. Because they're to stay on the street, and it's done very inconspicuously. They just do a drive-by and -- on the picture, just as traffic would go by your house.
Q They're using a zoom lens, right, to take close-up photographs of the home?
A I couldn't tell you what kind of lens or how close they get. But they're just trying to validate the picture, and they're looking for is there a car in the driveway, are utilities turned on.

Q Okay. Well, we saw a picture of the close-up of the numbers on the front of her house, right? You saw that photo?

A Yes, sir.

Q Okay. Regardless of the type of lens it is, is it business practice for you guys to use zoom lenses to look at people's houses, you know, with -- the front of their house with -- their windows through the zoom lens or whatever lens it is?

A The pictures I see only confirm the house number. I don't see pictures of inside people's houses on pictures that are submitted. I only see that they're confirming that they've looked at the right house. So they take a picture of the house number.

Q And what decorations are being looked at? Were they inside the house or outside?

A Could be if the Christmas tree is lit up through the window. That would be from a road visual. Christmas decorations in the yard would be from a road visual. Sidewalks are sometimes marked with Christmas lights.

Their observation should be from the street.

Q Is that highly offensive to you to be looking at this lady's home and taking these photographs of it and posting notice in the newspaper that she's not paying her bills? Is that an offensive invasion of this woman's privacy to you?

A No, it's not. Because my house gets pictures taken for tax assessments, HOAs, fences. It's not unusual for somebody to take a picture of my house from the street.

Q So you don't have an expectation of privacy is what I'm hearing?

A No, as long as they don't come on my property. But the highway, the road going around your area is not owned by you. It's owned by a public --

Q Okay.

A -- entity. And it's not illegal for someone to take a picture of your house from the road.

Q So does your homeowner association come by every day and take a picture of your place?

A They take a picture if I have a weed in the -- if I have a weed in my yard or if my yard's not cut down or if they think I need to repair my fence.

Q Okay.

A They'll send me photos of my house.

Q It's your company's view then -- it's your position that anything you do from the street is fair game?

A No. There are specific rules on what they're supposed to do. They're supposed to just validate occupancy and any evidence that someone's living there and that there's nothing that's happened to the property that would be unsafe for the community. An example would be, you know, a tree through a window, a swimming pool whose fence had blown down and it's unoccupied.

So we do have responsibilities to ensure that the neighborhood is kept safe from the liability of the property that we have an interest in.

Q Okay. That's all good and well for folks who don't live in their houses here, but there's no indication here that Ms. May ever left; is that right?

A That's true.

Q So you couldn't possibly be trying to -- none of those things you just said apply to Ms. May, do they?

A Not that I could see, no, sir.

Q Let's talk about this Fair Credit Reporting Act case we have here. Let me have handed to you what's been marked as Plaintiff 233. And flip back to page 11 here.

And you verified that these -- the information in this paper here is true and correct to the best of your knowledge, right?

A Yes, I did.

Q Okay. And then take a look at page 4 for me, please, the supplemental answer.

And -- and just to confirm that, this part right here, on April 30th, it was known at Nationstar that -- that this $5,000 should not have been taken from Ms. May, and we have Lori Harp here going in and making the changes on April 30th, 2014, right?

A Yes.

Q Okay. And let's -- let's take a look at some of the records here. But before we do, let's set up a little context here.

We've -- there's been some discussion in this case about credit reporting and the fact that Nationstar changed it from 9 months past due to about 22 months past due.

Is that something you recall hearing in this case?

A Yes. And I confirmed that.

Q Okay. And Ms. May made a complaint about the way Nationstar was reporting her credit in late June 2014; is that right?

A That's correct.

Q Okay. And that would be -- that's two months after you had discovered, you say, this $5,000 mistake, right?

A That's correct.

Q And so she's complaining about the way her credit is being reported, that she shouldn't be reported as past due, right?

A That's correct.

Q And she sent a dispute to -- she sent a dispute to -- and I'll -- I'm going to ask you to bear with me here because I only have one copy of this particular exhibit, and take a look at Exhibit 64 there on the screen, if you would. Is this the letter that you're referring to when Ms. May made a dispute

June 29th, 2014? Here, I can give you a paper copy.

MR. TILLOTSON: Mr. Loll, I gave him a copy, so --

THE COURT: Got it. Thanks.

MR. HUMPHREYS: Thank you.

A The only thing I can say is that was -- it's a letter that Ms. May sends to the credit reporting agency. We received a dispute from the credit reporting agency to us directly.

Q Okay. And isn't it -- you got a copy of this letter, didn't you, at Nationstar, from Equifax?

A In my review, I didn't see that letter. I saw the dispute that came from Equifax in the -- in the form document that they sent to us electronically that there was a dispute that matches that this borrower had disputes over this period of time.

Q Okay.

A I don't recall -- I might be wrong, but I don't recall reading a letter that was directly sent to the dispute credit report company of Equifax.

Q Okay. So it's your understanding, then, that Nationstar would only have received electronic transmission of a code or something from Equifax?

A No. No. We did. I reviewed that document.

Q Okay.

A I reviewed the dispute document that the credit company

sends to us.
Q Okay. But it's your testimony, then, that Nationstar did not receive what's been marked as Plaintiff Exhibit 64, specifically, EIS -- which stands for Equifax Information Services -- May Document No. 10, that this June 29th, 2014, letter was never received by Nationstar?
A I could find it. And I inquired to our credit reporting groups if it existed, and they told me they didn't have it.
Q Okay.
A Because I was looking for that letter.
Q Let's hand to you -- I'm going to have handed to you Exhibit 214.
Is that Nationstar's credit reporting -- credit reporting dispute procedures?
A They are. They usually have a change number on them so that I know what version and when this was published.
Q Well, the only thing I -- this is the only thing we've received that I'm aware of that says "credit reporting dispute procedures" that was produced by Nationstar. So I really wouldn't be able to give you any other information than that.
A I understand. I understand.
Q Is it your thinking, though, that this might not have been the policy that was in place at the time this dispute was investigated? Is that what you're suggesting?
A No. I just would have liked to have confirmed the date

of publication of this policy, that I'm working with the date as it relates to the credit dispute. I believe it is, but I just would like to make sure. I believe it is true.
Q Okay. Do you have a memory of a different procedure?
A I just know the law changes that we had under fair credit reporting and when that took place and the systems that we changed to to comply with how to report under Fair Credit Reporting Act.
Q Okay. Well, if I could direct your attention to this Exhibit 214 that's been turned over to us as Nationstar's credit reporting dispute procedures. Take a look at Nationstar1672, please.
A Did you say 1672?
Q Yes. I want to direct your attention specifically to "automated consumer dispute verification."
A Okay.
Q Doesn't Nationstar's own policies admit that the credit reporting agency forwards the dispute, including supporting documentation, to Nationstar through the electronic system here e-OSCAR?
A That's correct. When I reviewed, I only saw the document of dispute. And they have sections in it that say the reason of dispute. A lot of that was left blank.
I didn't see this page that you're showing me on the other exhibit. I could only see in the system that dispute

document from the credit reporting agency.
Q So you don't know if the documents were received or not, then, according to your procedure here?
A No. The procedure's talking about the dispute comes over to us, but the document itself has narratives in it for what the reason of the dispute is. And on this particular case, in 2014, the narrative was very narrowed. It didn't give me a lot of information as to what the issues were.
Q Okay. So taking a look at Exhibit 64 there, the -- this is the dispute, right, that first page of it, EIS-May10. This is the dispute that -- that's being referenced in your own procedures, right?
A No. This is the dispute that's going to the credit reporting agency. The credit reporting agency is then acting on behalf of the consumer to contact Nationstar directly and state that "You sent this information, and it's being disputed. Can you confirm what you sent?"
Q Okay. That's the ACDV.
A But we don't have that.
Q That's an ACDV. That's an automated consumer dispute verification form.
A Correct.
Q That's a different record.
A That's what I reviewed in 2014.
Q Yeah. But this is the dispute right here, Exhibit 64,

stamped 10.

That's the dispute that you get according to your own procedures?

A No.

Q Okay. All right. Well, we'll move on.

A No, that's not the dispute.

Q That's the best I can do with that, then, on that.

So it's your contention, then, that you don't think that Nationstar actually got this Plaintiff Exhibit 64, this dispute?

A From my review, I -- I -- this was not there. This was sent to the property of the Equifax. It wasn't mailed to Nationstar. Equifax generated a dispute form to us from what I believe was this letter.

Q Okay. So behind this dispute from Ms. May, which is Plaintiff Exhibit 64, if you look behind that, you'll see on 11 her driver's license, her proof of residence there with her address, right? You see a letter?

A Yes, sir.

Q The next one is 12. It's a letter from a bank, World's Foremost Bank, about a Cabela's card -- declining her credit on a Cabela's card, right?

A I'm sorry. Can you -- can you repeat that last sentence?

Q Yeah. The -- the -- EIS-May 12 is a letter to Ms. May from a bank called World's Foremost Bank rejecting her --

notifying Ms. May that she's being rejected for a -- she's being rejected for a Cabela's club Visa account.

A Yes, sir. I see that.

Q Okay. And so these are the supporting documentation that -- that was -- yeah, and the credit report. There's also a credit report there.

Starting at Equifax14, that was part of what she sent to Equifax, right?

A That's correct.

Q All right. And this has a -- this Equifax account has some reporting by Nationstar, right?

Under "open accounts," it's the very first one there. It would be on EIS-May 15 under "mortgage accounts." Do you see that?

A Did you say May15.

Q Yes, EIS-May15.

I guess my only question is: Do you see the report there by Nationstar, Ms. May's Equifax credit report?

A I see it, but can you direct me to -- I mean, that's our credit rating, but I'm trying to find where it says Nationstar.

Q On the line under "open accounts," the first entry. Yeah, you can look up on the screen if that's easier for you. You can look on the screen.

A I am. I'm trying to match it to the pages you're giving me.

What's that Bates stamp?

Q 15. EIS-May15.

A Oh, okay. I have it.

Q Okay. So we can see that Nationstar's reporting her to be 120 days past due on the date of this report, which is May 5th, 2014, right? Is that right?

A That's right, sir.

Q Okay. And then we can see here on the screen the 2013 reporting from March to October.

It's between 150 -- well, between 120 and 180 days past due, right? That's what Nationstar is reporting to Equifax, the credit reporting agency; is that true?

A That's true.

Q And the comment is "180 days past due"?

A That's true.

Q Okay. Is that a truthful reporting about what -- how she was paying her bills to Nationstar?

A It's inaccurate.

Q Okay. And so Ms. May wrote a dispute letter that we have as Exhibit 64 to Equifax Information Services, the credit reporting agency that had this false information about her, and asked them to get involved about this false reporting, right?

A Yes, sir.

Q And the way this -- the credit reporting system works is the consumer disputes with the bureau who has the data, and then they turn around and give you notice of a dispute by the consumer, right?
A That's correct.
Q And what's unclear here between you and I is what information exactly you were provided by Equifax?
A That's correct.
Q Whether it was just this ACDV coding form or whether it was actually this packet you're looking at, right?
A That's correct.
Q And your procedure says you get the dispute and supporting documentation, right?
A Yes.
Q And wouldn't the information we just went through here, wouldn't that be supporting documentation?
A It would be, but I didn't see it. In my review and going through all our records, I did not see that supporting information. I -- my review had to do with the information that was on the dispute comment lines on the form itself.
Q Okay. So let us provide you with Plaintiff's Exhibit 53.
Is this -- is this the ACDV form we've been speaking of, this electronic report that's transmitted by the bureau to Nationstar?
A Yes. This is the document I reviewed.

Q Okay. And if you look on the left-hand side under "account history request," that's -- that's the submission that was made by Equifax to Nationstar saying "Here's what we have in our records. Here's what we show you have given us," right?

A That's correct.

Q And then -- then there's a -- you have a chance to look at Nationstar records in response to this, and you have some time period to do your investigation and see if this information is accurate or not?

A That's correct.

Q And you report back to the bureau, and you can tell them to either delete the account, to modify it in some way, or to verify it, right?

A That's correct.

Q And you didn't verify it; you didn't delete it; you modified it, right?

A Yes, they modified it.

Q And the modification was to take her from 9 months past due to 22 months past due?

A They did --

Q 22 months of delinquency, I should say. Let me strike that. That was not a fair question to you. I apologize.

The modification that was made at Nationstar after their investigation was to take her account from 8 or 9 months of

delinquency to show her as having been delinquent for a period of 22 months; is that true?
A That's true.
Q Okay. And did anybody at Nationstar reach out to Equifax to say "What are you" -- you know, "What's going on here? What information are you" -- you know, to communicate with Equifax about "What do you know from the borrower?" Did that happen?
A My interviews with the individual that responded to this said that she -- this was the only document that she had that -- what she does is she looks at the data that we furnished.
Q Okay.
A And then she validates it and resends the response.
Q Okay. So she didn't call Equifax and ask them what information they had to support Ms. May's position here, did she?
A No, she -- no, she didn't.
Q She didn't call Ms. May to ask what information Ms. May had, did she?
A No, she didn't.
Q Does she have a phone?
A Yes, she has a phone.
Q Okay. Is she not trained to use that telephone to speak to people when she does her investigation?

A No. What this -- what she's doing to comply with our guidelines is the credit reporting is asking us to confirm what we sent to them is accurate. It says right here that it's -- on 106, it's about disputed -- it's disputed.

Now, from a servicer, we don't know what is being disputed. We don't know if every line is being disputed. We don't know.

The credit report wants to have a fair investigation. They don't want you to be influenced. So what they're saying is "This is what you sent to you. Confirm it and resend it back to us."

Q Okay. So you don't really know what the nature of her dispute was, then, based upon, you're saying, from the skimpy information that was provided to you by the bureau?

A The customer has a right to go directly to us with their dispute letters, and then we have to respond back to them. But, from a credit report dispute, we only receive this information.

Q Okay. Does Nationstar have an obligation to do a reasonable investigation in response to a dispute received from the bureau -- credit bureau?

A We do.

Q Okay. And as part of your reasonable procedures that you've implemented at Nationstar, you don't call the borrower to ask them what's going on here, do you?

A Not unless it was the borrower requesting the dispute.

Q And as part of this reasonable investigation you're required to do under the Fair Credit Reporting Act, you don't call the credit bureau and ask what information they have, do you?

A They already did. They send us what we sent, and they are saying it's in dispute.

Q You're saying, sir, the opposite.

You're saying that they didn't give you all the information, aren't you?

A No. I'm saying is -- they're telling us that there's a dispute, but what you're showing me is the narrative of the dispute that sends right to the credit reporting agencies.

We don't get that narrative unless the customer gives that narrative directly to us. Because the borrower can send a dispute right to us. In this case they didn't. They went to the credit report to file the dispute.

Q Well -- all right. That's your understanding of how the requirements of the credit reporting act work? At Nationstar you don't have any understanding that you trigger responsibilities of investigation by reporting to the bureau? That's not Nationstar's understanding of how credit reporting works?

A No. There's different rules. The rules are handling a credit dispute to a borrower and handling a credit dispute that comes from the borrower through the credit reporting agency. You have to respond back to the agency on the agency's dispute.

Q Right.

A Borrowers who dispute -- I have to give evidence to the borrower and address their dispute directly.

Q Okay. They -- they give you this Code 106, right? This is a dispute code, and it has a listing there of what information could be at issue?

A Right. We have that.

Q Okay. And the -- this dispute comes across sometime in July, right? This information is received in July?

A That's correct.

Q And we've already established this is three months after the error had been determined at Nationstar. You figure out the error and you supposedly reapplied it. You reapplied the money immediately on April 6th -- or April 30th, 2014, according to the answers you gave the Court?

A I'm sorry. Repeat that.

Q Yeah. We just covered this earlier today here that, in your verified answers to discovery, you said that Nationstar figured out on April 30th about this $5,000 problem, immediately fixed it, immediately reapplied the money, right?

A That's correct.

Q But we have here -- roll this up, please. Let's look at the exact date.

On July 24th, 2014, three months later, this lady you interviewed here, Elizabeth Hansen, is sending back saying she's been delinquent for 22 months.

Is that true? Is that what happened?

A I'm sorry. Where are you directing the 22 months?

Q The -- we've already established that from your lawyer in opening statement, I think.

A No. I thought you said that we reported her 22 months delinquent. You're talking about 22 months --

Q Okay.

A -- span of reporting?

Q Delinquent over a 22-month period.

A Correct. She reported over 22 months.

Q Got it. Okay. So that wasn't true that she was 22 -- had been delinquent over a 22-month period? That was not truthful information?

A That was not accurate.

Q Okay. Is this retaliation here against Ms. May after she's filed a lawsuit? She's making a credit reporting dispute, and you're blowing up her credit?

A Absolutely not.

Q Okay. And if -- but this problem was known at Nationstar in April, right? The error was discovered in April?

A That's correct.

Q And in -- the procedures at Nationstar didn't pick it -- aren't sufficient when you do a reasonable investigation to pick up on this three months later, right? Your procedures aren't robust enough to pick up on this kind of an error after three months of knowing about it?

A I would disagree with your assessment.

Q Okay. So basically what happened here is Ms. Hansen looked at the screen, and the screen said whatever it said, and she put that in here and sent it back to the bureau.

That was the reasonable investigation you did, right?

A She looked at the account screens as they were that day.

Q Okay. She didn't go back in and look at any of the dispute letters Ms. May had submitted?

A No. She would have only looked at the transactions as they posted.

Q If she'd have looked at the transaction history, she would have seen that on April 30th that this thing had already been corrected, right?

A I think you do see that back in the reporting where it's -- on the one line on the far right. I do think that that's where she's identifying that that was close to current.

But, if I recall, when you're talking about it brought it current during that period of time, alls they did was post the money, the 5,162. There were still additional funds that had to be posted to bring the account current.

Q Okay. So you're saying that Ms. Hansen knew this account was current and reported that back to Equifax in this Exhibit 53? Is that what I heard you say?
A No. She could see the month that it was brought close to current, but it didn't stay current until the additional payments were posted that Jeannie May had resubmitted.
Q Okay. Let's take a look. Let's roll up. Let's go to the top of this document right here.
THE COURT: Why don't you get rid of those red marks on that thing.
MR. HUMPHREYS: What's that, Your Honor?
THE COURT: You just did it. Thank you.
MR. HUMPHREYS: Let's go up a little bit. Move it up.
MR. WALLACE: Go down, you mean?
MR. HUMPHREYS: I want to see more. Yeah. Thank you.
Q (By Mr. Humphreys) This account is being reported as having a past-due balance of $12,841, right? Is that right? Is that -- that's what it says?
A Is that on the July update?
Q That's, yeah, the same exhibit, 53.
A I want to make sure we're looking at -- July 2014, yes.
Q Okay. That's not accurate, is it? That's not true?
A That's not true.

Q Any changes to the credit reporting procedures since this trial started?
A Yes.
Q I'm not going to get into that. I'll let you do that with your lawyer.
Okay. And so the impact here was shown in Exhibit 67 that Equifax did exactly what you asked of them, right, what you told them to report?
A Yes, sir.
Q And if we look at Exhibit 67, on page 493, we can see here that they're reporting her six months, five months, three months, two months, one month, then back to five, and then five months past due over that period from March of 2014 through August of 2012, right?
A Yes, sir.
Q If this Jury decides that your last -- I'm going to call them eleventh-hour fixes.
Is that a fair way to say it? Your corrections through all these different procedures we've been hearing about the last few days, is it okay with you if I call them eleventh-hour fixes? Does that sound right?
A No.
Q Okay. Well, whatever you want to call them, these repairs, fixes you-all have done here, if the Jury decides that -- that that's not credible to them and they decide that

maybe you guys were outrageous and acted with reckless indifference here -- the Judge is going to tell them what the law is; you decide the facts -- and if they decide that punitives are a proper thing here, how much money is your company worth?

Because we don't want to get into any type of an award that would materially impair your ability to go forward as an ongoing business. I mean, we don't want to crush your company. That's not fair. We want to send you a message is what we're asking you for.

So how much is your company worth so that they can know that and not overdo it if they want to award punitives?

A I can just tell you that our company cares immensely about this. I care --

THE COURT: The question is: What's the value of your company, financial value?

MR. TILLOTSON: Your Honor, the Defendant -- I don't know if this particularly is the right witness for that issue. But the Defendant will stipulate through the public records that have been made part of these proceedings that Nationstar Mortgage Holding, which is our holding company, has a net worth of approximately $1 billion.

THE COURT: 1 billion?

MR. TILLOTSON: $1 billion.

MR. HUMPHREYS: Not to quibble, but it's 1.2 billion, Your Honor.

MR. TILLOTSON: We'll take it, 1.2 billion.

MR. HUMPHREYS: Okay.

MR. TILLOTSON: You know, it's approximately 1.1 to 1.2 billion, but the document is in evidence.

THE COURT: Fair enough. Thank you. I appreciate your stipulation.

MR. TILLOTSON: Thank you, Your Honor.

MR. HUMPHREYS: Nothing further at this time, Your Honor. Thank you.

THE COURT: Okay. We're going to -- you can step down, Mr. Loll. We're going to take a recess.

Ladies and gentleman, we're going to take our morning recess. Again, you're instructed not to discuss the case. Don't form or express any opinions about the case. Don't let anyone discuss the case in your presence. We'll bring you back in about 15 minutes.

(Court recessed from 10:24 a.m. until 10:41 a.m.)

THE COURT: I apologize for being late, folks. I got caught up in stuff on my desk.

All right. I understand you're going to keep that witness on the witness stand for your case.

MR. TILLOTSON: Yes, Your Honor. With the Court's permission, in addition to the matters covered by opposing counsel, I'd like to put on our direct case-in-chief to speed it along and not have to recall Mr. Loll.

THE COURT: That's a good idea. Thank you.

MR. HUMPHREYS: No objection, Your Honor.

THE COURT: Thank you.

MR. TILLOTSON: May I proceed, Your Honor?

THE COURT: You may.

MR. TILLOTSON: Thank you.

CROSS-EXAMINATION

BY MR. TILLOTSON:

Q Mr. Loll, I'm going to ask you questions here on behalf of Nationstar both in your capacity as the corporate representative and as a senior employee of Nationstar.

Before I do that, first, when we say "corporate representative," do you understand that to mean that you're here empowered to speak on behalf of Nationstar?

A I am. I understand.

Q And are you -- do you have the authority and the level of seniority within the company to speak on behalf of the company?

A I do.

Q And the things you say here in the courtroom under oath, when you say them, do you understand and recognize that you're binding Nationstar, that the company has to live with those and honor the things that you say?

A I understand.

Q And have you been sent here -- are you here with the requisite authority from the company that you can make those statements and the Jury can be certain that Nationstar understands what you're saying and -- and is bound by it?
A Yes.
Q Now, let me ask you -- because we've been talking about attention.
Has this case and the things that have gone on here, no doubt, have caught your attention; is that fair?
A That's very fair.
Q And how about above you? I know you're a senior employee, and we'll talk a little bit about where you are in the organization.
Have you made efforts to bring the matters that happened here to the Plaintiff to the attention of senior management?
A I have.
Q And have you been empowered to -- to make changes, improvements, and take corrective actions in this case?
A I have.
Q Have you offered or said anything to Nationstar about anything that's happened here where someone above you has said, "No, we're not going to do that"?
A Absolutely not.
Q Has anyone said to you at any time, "That's too expensive. I don't care about that. We're not going to do

that"?
A That's correct.
Q Okay. Now, I want to pick up in a moment with some of the issues they talked about so we can sort of get a fuller explanation.
But first -- and I don't want to put words in your mouth because I want you to tell the Jury what you think -- but are you embarrassed about what happened in this case?
A I'm extremely embarrassed.
Q On behalf of Nationstar, does -- do you feel and can you convey to the company the sense of embarrassment and lack of pride you have on what happened here?
A I have, and I have been for quite some time.
Q All right. We're going to get to that in a minute. I want to start with the last thing because I think it's probably fresh in people's minds about what happened. But I want to pick up with the credit reporting issue we talked about, because it was sort of the last thing we did, and we can address that maybe while still in everyone's minds.
MR. TILLOTSON: And, Mr. Delany, if you'll bring up for us Plaintiff's Exhibit 53. And they'll bring it on the screen there.
Q (By Mr. Tillotson) This was the form that we talked about, and we'll blow up some portions so you can see it. But so we know what we're looking at, as I understood what you

said, when a customer complains to a credit rating agency, they send us information and then we verify or do whatever, and we do it through the form we're all looking at here on the screen; is that right?
A That's correct. We are only validating against the information that was sent that the credit report's directing us to review.
Q Okay. And there' been talk about her letter and whatnot, but let's focus on the form here.
Who was the employee at Nationstar that was responsible for this form; do you remember?
A It's Elizabeth Hansen. I can't -- it's too far away, but Elizabeth Hansen is the person who did the response on this credit report update.
Q And as part of your investigation in connection with this matter, did you talk with her directly?
A I talked to her directly and her supervisor.
Q Okay. Now --
MR. TILLOTSON: Mr. Delany, if you'll blow up for us the response portion in the blue there. It's got the numbers there at the bottom. It's got this annoying draft thing on it.
Q (By Mr. Tillotson) Is this the information that she's now inputting in response to the dispute?
A It is.

Q Okay. Now, it looks like numbers, but let's sort of kind of explain what we're looking at. If I start on the top row, with the 6, 5, 4, 3, 2, 1 there on the right-hand corner -- do you see that?

You can highlight that if you want, the 6, 5, 4, 3 up there at the top.

So as I understand the way these forms work, this is -- we're going backwards in time over her payment history?

A That's correct.

Q So if this was in July, we would count backwards, and you're saying how many months behind she is?

A That's correct.

Q All right. And the -- as I understand what you testified, the issue was before we had only reported a few months her being behind; but when the Nationstar employee repopulated this document, she expanded the number of months that she was saying Ms. May had been delinquent on?

A That's correct.

Q And she did that why? What was she looking at that made her think that was the correct information?

A The system that we were using allowed her to see a 24-month history on the account, and she thought she was doing the correct thing by updating areas that we hadn't previously updated.

Q In connection with your investigation, talking to her and looking at it, did you see any evidence that led you to believe that a Nationstar employee knew or even had reason to believe the information she was putting on this form here was inaccurate?

A She didn't know that it was inaccurate, but the meeting I had with her and her manager -- and it was a pretty strong tone from me that it shouldn't be done in the future. And the policy in which she was operating at the time had already been changed before I interviewed her.

Q Okay. Now, let me -- let me just refine and dig a little deeper.

There are obviously mistakes that were made, and we have said that the mistake made here -- and you'll agree with me what the Nationstar employee did here, expanding how many months she was delinquent, was an error? Should not have happened?

A That's correct.

Q Okay. But at the time she made this error, when you investigated and talked to her and looked at what she did, did you see any evidence that she knew or thought she was reporting inaccurate information, or did she think she was doing the right thing?

A She thought she was doing the right thing.

Q Okay. Now, there was a discussion brought up about "Well, wait a minute. This is in July. In May, you had applied amounts to her."

If we count backwards, go, you know, from the 6, 5, 4, 3, 2, 1, does the 1 represent the month of April 2014?

A That would be my understanding.

Q Okay. Now, so when -- in April 2014 is when Nationstar -- and we'll see the document in a second -- first reversed the $5,162 we had erroneously put on her account; is that accurate?

A That's correct.

MR. TILLOTSON: Okay. And, Keith, if you'll bring up for us -- we'll come back to this in a second, but if you'll bring up for us Plaintiff's Exhibit 110, which is a document you saw earlier today, Plaintiff's 110. And if you'll blow up for us the second paragraph there.

Q (By Mr. Tillotson) So this is May 8th, 2014. And Nationstar is sending this letter to Ms. May, which says, "We have conducted an investigation and corrected the error asserted within the received correspondence. We have verified that the funds were misapplied once the bankruptcy was discharged, creating an incorrect amount due. The post-petition ledger is correct. We applied 3,628 to the delinquent payments and $1,534.26 applied to corporate advances, and we waived late fees that was associated with this error." Do you see that?

A I do.

Q Now, if we add those two numbers together, 3,628 and 1,534, do we get the approximate $5,162 we erroneously put on her account?

A We do.

Q And when we did that, however, did it not also trigger -- when we erroneously put it on, did it trigger late fees erroneously as well?

A Can you repeat that? Did it trigger late fees when we did the reversal of the funds?

Q No, no. I'm sorry. So when we originally made the mistake -- you see here we're waiving late fees as well?

A Right.

Q Where did those late fees come from?

A They were the late fees that had accumulated throughout the period of time since it came out of bankruptcy in the post-discharge time period.

Q Okay. So since she didn't owe the original 5,100, she doesn't owe the late fees?

A That's correct.

Q Okay. Now, at this point in time, in May of 2014, are we holding some of Ms. May's payments she's been making in suspense?

A We are.

Q Okay. And we haven't applied them yet. But on our books is, she still considered having not made all the payments

necessary?
A That's correct.
Q It's our fault, right?
A It is.
Q But in our books, the way we looked at it at the time, she's still considered -- there's payments, we have the money there, but we haven't applied them?
A That's correct. This only addressed the $5,000. It doesn't address the payments we have not posted yet on her behalf.
Q Okay. Then I'm going to ask Mr. Delany if he will -- that's why we say there -- before we do that, the last sentence.
"We've also submitted the request to have the funds advanced to bring the account due for October 1st, 2013, pursuant to the ledger. The effective date of the correction is April 28, 2014." Do you see that there?
A I do.
Q And we're saying we're fixing the 5,162, but you now owe from October 1st forward; is that right?
A That's right.
Q And even though it's our error, that's because we're holding some of the payments she's been making in suspense and we don't -- we haven't applied them; is that fair?
A That's fair.

Q Okay. Now, let me ask you this before we move on. The 3,628 and the 1,534, when we say we credit her account, had we previously paid that money to CitiFinancial way back when we made this mistake?
A We did.
Q And are we taking the money, then, from us and paying it on Ms. May's account to make -- to correct that in effect?
A We are using our own money. Previously we used the money that came off Jeannie May's account to reimburse Citi, but in this transaction we're using Nationstar's own money.
Q Okay. It's not a paper credit; it's real -- this is real dollar credit because we charged her real dollars?
A That's correct.
MR. TILLOTSON: Okay. Now, Mr. Delany, if you'll bring us to Exhibit 114, Plaintiff's 114. So we have this in the May. Now we go to 114. And if you'll blow up for us the third paragraph beginning with "Additionally."
Q (By Mr. Tillotson) Okay. So now we're into October. So that was -- before it was May 2014. Now we're looking at October 2014.
We write Ms. May and tell her, "Additionally, we show that the funds that were remitted by check were placed in a suspense forbearance account." Let me stop first.
Is that what we've just been talking about, we're holding her payments in suspense?

A Yes. The forbearance account is monies that are owned by the borrower until they are applied.

Q Okay. Why do we do that? When someone's behind and -- we say they're behind. She's not. But we say she's behind, and she makes a payment. It seems to me counterintuitive we don't put that payment and credit it; we put in suspense account and hold it.

Why would we do that?

A Well, there's reasons you would do it. Some payments, such as modification trials, are less than full payments. So you would hold them in trial areas of suspense until they completed the performance portion of a modification.

Other examples would be if customer paid $20 short -- their mortgage payment was 800, and it was $20 short. In order to process a payment, you have to have the full payment plus the full escrow to actually process the transaction.

If it's short, the only thing you can do is you can hold it temporarily in an account that's their account as holding area. And that money can only be used for their purposes until such time as we have enough funds where we can go and post the payments to the account.

Q Okay. Where does Nationstar get the right to do those kinds of things? Is that found in the mortgage agreement that the borrower would have with the investor to -- to do partial payments, hold funds in suspense?

A I believe that's contained within the note and the mortgage obligation that instructs the borrower that they have to make full payments.

Q Okay. Now, let's go back here to our October letter we sent her.

It then says, "Starting on September 25th, 2014, we show that the account reflects payment adjustments and sweeps taken from suspense and applied to delinquent outstanding contractual payments. Once completed, the account was brought to a current status with the last sweep payment occurring on October 9th, 2014, leaving the account due for the November 1st, 2014, contractual payment of the amount of 888.27."

Let me see if we can translate. Are we telling Ms. May we've applied the payments we were holding, and now the only thing you have due that you're current on is the next monthly payment?

A That's correct.

Q Okay. And this is in October. So now we have our two points, May of 2014 and October of 2014. And I'm going to now go back to Plaintiff's Exhibit 53, the credit reporting.

I guess we're right in the middle when the credit reporting incident, I'll call it, happens.

Is that fair for the timing?

A That's correct.

MR. TILLOTSON: Okay. If you'll bring us back to 53 so we can now see, and you'll blow up for us the area there in the blue?

MR. DELANY: The bottom?

MR. TILLOTSON: Yes. In the blue box. Thank you, Keith.

Q (By Mr. Tillotson) Okay. So now the 1 on the top line there -- if you'll highlight for us the top line -- 6, 5, 4, 3, 2, 1 -- is the "1" April when we make the initial credit to her account, bringing her to just, in our books, one month behind?

A That's correct.

Q And then she starts going two months behind, three months behind, four months behind.

Why is that happening? She's making her payments. Why, on our books, is she being listed as behind?

A They're being held in suspense at that period of time, or a payment could be being sent back to Ms. May.

Q Okay. And then this ends with six months behind in that, I guess, July time period.

But in October, when we take all those payments and sweep them in, what happens to this information?

A We effective date those payments back, and it basically eliminates all the arrearage. And we do a retro on the credit report, it was in October of 2014, that cleared all arrearages

throughout the entire period of time that Nationstar serviced the loan. And it gave Ms. May the best rating possible.
Q Okay. I want to see those documents in a second, but let's own up to what we did.
At least for the period of time we've looked at, Nationstar inaccurately reported the credit information for Ms. May?
A That's true.
Q Now, before we turn to assuring ourselves we've fixed it, this issue where the Nationstar employee looked at it and said my -- our records show she's 9 months behind; but, even more, our records show she's 22 months behind and, in effect, makes her credit rating worse.
What has happened at Nationstar to address that particular situation so it won't happen again?
A Our policy was changed that, from a dispute such as this, Nationstar will never make the dispute worse than what was being requested from us even if circumstances show that they're worse than what they were. We're not going to take a dispute and agitate the dispute by making the situation worse.
MR. TILLOTSON: Okay. Now, I want to bring up for us Defendant's Exhibit -- it's Tab 106.
And while you bring that up, 106, Your Honor, I'm going to approach. We have a binder of all of our exhibits here, just to make it fast, all tabbed, if you want to see the

actual document.

THE COURT: Great. What exhibit are you referring to? I'm sorry.

MR. TILLOTSON: I'm sorry, Your Honor. It's 106, but it's 5B.

THE COURT: Thank you.

MR. TILLOTSON: 5B. BBBBB. My paralegal did it by tab, so it's a little easier to say for us. But it is Exhibit BBBBB.

Q (By Mr. Tillotson) So we've brought it up. You can see it on the screen.

Is this the corrective form, the same form we looked at for May but now the updated one we did in October?

A I just -- mine's a little bit blurry.

Q Let me approach if I may. I'll show you that copy.

Can you confirm for us that this is the same form as we saw before, but the updated one, we send in October?

A Excuse me. There was a form that was generated as an update to the credit report. It's in October of 2014. This is the update from May of 2015.

Q Okay. So -- so we got May 2015, and we're going to go to that in a second.

But is there an updated form like this that was done in October that would have corrected the information?

A Yes.

Q Okay. And would we -- when we say "corrected," we would have reported her as what for the entire period of time when she came out of bankruptcy?

A We reported her current, absolutely current, since she came out of bankruptcy through the given month.

MR. TILLOTSON: Now, Keith, if you'll blow up the bottom part there.

Q (By Mr. Tillotson) I noticed the way we do it -- and I know this is 2015 -- but we put zeros in meaning -- does that mean she's current for that period of time?

A That's correct.

Q And if you keep going all the way back, you see these Ds. What does D mean?

A D means that you didn't send any data for those months.

Q And why wouldn't we have sent any data for that month -- those months?

A Generally, in bankruptcy, you wouldn't send data because a customer could be current in a pre-petition plan and current in a post-petition plan. But, in reality, against the original note itself, that doesn't get reconciled to total current status until after both pre-petition and post-petition funds have satisfied the time of the plan. And that could take between three and five years.

But you do not -- you should not be reporting under the bankruptcy plan because the borrower could -- is current in

the pre-petition and post-petition unless you filed a motion for relief.
Q Okay. So, for clarity, what is the approximate date that Nationstar corrected Ms. May's credit rating to remove any negative information regarding anything that happened with our errors and mistakes?
A It should have went all the way back to 2012. At the end of 2012, that's about the period of time when the final discharge happened.
Q And what's the date we, Nationstar, sent that information to the bureau? Was that October of 2014?
A We sent the update, the total update, on October of 2014, but it would have cleared reporting all the way back into -- into 2012, first part of 2013.
Q Okay. I'm now going to hand you what we've marked as Defendant's Exhibit EEEEE. And I want to confirm and check that what you're telling us is accurate, that we did fix her credit report.
Is this an updated credit report from Ms. May.
A Yes.
Q If you'll look at the top page. Just blow up the Equifax.
Are we looking at a credit report for Ms. May from the first quarter of this year?
A On the second page, it doesn't have a Bates stamp, but it

has the open account: Nationstar Mortgage. Opened 3-1-2007. $90,192 balance. Date reported: 10-24-2014. Past due: Zero. Status: Paid as agreed.

MR. TILLOTSON: Okay. Keith, If you'll take us to page 2, just so we can see what he was reading from. All right. And if you'll blow up under the open accounts portion there in the middle so we can see what we're reading.

Q (By Mr. Tillotson) Is this the portion of Ms. May's Equifax credit report that deals with us and the debt?

A It does.

Q Okay. And so we're listed there. The balance is listed. And the status is what?

A The status is paid as agreed.

Q Okay. And if you'll go to the next page, page 3, for the monthly portion of it.

MR. TILLOTSON: And you'll blow up the chart there with all the green in it.

Q (By Mr. Tillotson) Is this a month-by-month payment history for it?

A It is.

Q And perhaps some people have seen a credit report, maybe others haven't.

What is it we're looking at? What would this tell anyone who's looking at her credit report for purposes of deciding whether or not to extend her credit?

A She's paying as agreed the whole period -- the whole time.

Q Okay. Now, and is that -- if we looked -- to the best of your knowledge, if we looked at Nationstar's books and records today, are we continuing to report her paid as agreed and current?

A Yes. I reviewed her account before today's trial, and it's -- it's reporting paid as agreed.

Q Okay. Now, I want to ask you about that. We're going to get to some of the statements that were shown by the Plaintiff's lawyers and some of the things that they said in opening. We saw the May fixes, May 2014, and the October fixes.

And since October has Nationstar, through you, undertaken efforts to make sure there are no erroneous charges being charged Ms. May?

A I personally did an audit last night. It took me quite a few hours. And I went through every property inspection fee, every legal fee, every bankruptcy fee that was ever on her account.

And I reconciled it, I can tell the Court, as of today. And I didn't have to do any reconciliation. My audit shows that she was never charged any litigation costs associated with this situation, and all fees have been reconciled at the lender's expense.

Q Okay. And in connection with that, to assure the Jury that what you're saying is accurate, were you asked to give access to the most recent statement for Ms. May?
A I did.
Q Okay.
A And it was reconciled before last night.
MR. TILLOTSON: If I may approach.
THE COURT: You may.
MR. TILLOTSON: This is IIIII. Your Honor, you won't find it on our exhibit list. It was added.
THE COURT: Got it.
MR. TILLOTSON: And I think there's no objection to this being added, with their permission. Thank you for that.
Q (By Mr. Tillotson) We're looking at IIIII. We'll blow it up in a second.
But is this -- is this a -- the current statement for Ms. May?
A It is.
MR. TILLOTSON: Keith, if you'll blow up the top-hand corner under the word "copy," where it says "amount due" there, just so we can bring that up. This part right here. Thank you.
Q (By Mr. Tillotson) Okay. So the statement date is November 3rd, the payment is due December 1st, and the amount due is 875 -- 878.75; is that right?

A That's correct.
Q Okay. And there is nothing else due on her account except her next monthly payment?
A That's correct.
Q Okay. Now, you're here on behalf of Nationstar. You bind Nationstar with what you say here today.
Are you prepared under oath to commit to Ms. May and all the people in here that there are no other charges that Ms. May owes on this account except for her next monthly payment?
A I can, and I personally did the audit myself to ensure it.
Q Now, if you'll now go down the statement and look at "lender-paid expenses," which is the second box down here.
MR. TILLOTSON: Blow that up. Okay.
Q (By Mr. Tillotson) And we're going to talk some more about this in a second, but what is a lender-paid expense?
A A lender-paid expense is generally an expenditure that -- the lender is billed from a third party, such as a property inspection company. Say you hired an attorney to do a motion for relief filing or a response back in bankruptcy in a court proceeding.
As it compares to escrow, because people get confused over the corporate advance versus escrow. Escrow is simply homeowner's insurance, taxes, and mortgage insurance if your

loan has mortgage insurance on it. Any other fees that a servicer would advance on behalf to the investor is to protect the investor's interest in the property.
Q Okay. Now, I'm going to -- we're going to -- first confirm for me that there are no lender-paid expenses owed by Ms. May in any way, shape, or form according to this statement.
A That's correct.
Q And if we went and looked on the books and records on the computer system at Nationstar, would we find that same thing, nothing owed?
A Nothing owed.
Q All right. I want to just for a moment -- since we've talked about lender-paid expenses, I'm going to ask -- we'll come back to this in a second.
MR. TILLOTSON: But I'm going to ask Mr. Delany if he'll bring up for us what is Defendant's 67.
Q (By Mr. Tillotson) And I want to find out just first where you get -- where Nationstar gets the right, assuming that it's -- they're correct, to charge lender-paid expenses.
Why does Nationstar from time to time charge borrowers what are called lender-paid expenses?
A We're entitled to collect them based on the origination contract, and it's language contained on the mortgage itself.
Q Okay. We have a copy here, which is Defendant's 000,

Defendant's 000, which is her mortgage. This was recorded, a public document. It's an exhibit here in the case.

And is this where you get -- Nationstar would have the ability or the right to charge her lender-paid expenses if we wanted to or if we could from the -- from the mortgage or the deed of trust?

A That's correct.

Q Okay. I'm going to go to a couple of pages in here on lender-paid expenses and ask you about it.

MR. TILLOTSON: Keith, if you'll go to -- let's see. First go to page 3.

Q (By Mr. Tillotson) So this is the deed of trust that we're looking at for Ms. May. This is her actual -- the loan that she started off with back in 2007?

A Correct. That's correct.

Q Okay. So let's just -- maybe some background since Ms. May hasn't been on the stand yet.

But she gets a mortgage loan in April of 2007 from -- not from Nationstar but from someone else.

Is that your general understanding?

A That's correct. It was with Cornerstone Mortgage.

Q Cornerstone.

And the amount of the mortgage was $100,000?

A I don't know the exact amount, but it was approximately around 100.

Q Okay. And the price of the home, do you remember, was approximately $100,000 too?
A That's correct.
Q Okay. So that's in 2007 and approximately -- it says here March -- it was recorded on March 30th. So sometime in March of 2007. Then she -- we'll -- I'm sure we'll know more about this.
But she files for bankruptcy in November of 2007; is that accurate to your recollection?
A That's accurate.
Q And then -- and during that time period, the rights to service her account at some point are acquired by CitiFinancial; is that accurate?
A That's accurate. Usually within 30 to 45 days.
Q Okay. Someone originates the loan and then sells it, and someone gets the right to service those loans?
A That's correct.
Q And then, in 2010, Nationstar gets the right to service her loan from CitiFinancial; is that correct?
A That's correct.
Q And we do that how? I mean, how do we acquire it? What's the process? Do we get a contract? What do we do?
A We get a purchase agreement from CitiFinancial. But in order to transfer servicing on a Fannie Mae loan, you have to be on Fannie Mae's approved servicer list. And there's

generally compensation for the servicing that's given back to Citi to do the servicing.

Loans have rights contained within the note and mortgage themselves, but they also have securitization rights where there are servicing revenues. So what we're passing on here is the servicing rights, not the owner rights in that transaction.

Q Okay. So the person -- not the person. The entity that owns her loan, as we heard, is Fannie Mae; we're just servicing her loan on behalf of or for Fannie Mae?

A That's correct.

Q Okay. Then -- so we're on our timeline now. We acquire them in 2010. Ms. May comes out of bankruptcy.

She's discharged from her bankruptcy in the first part of 2013; is that correct?

A That's correct.

Q And then the problems and errors then start going forward in 2013?

A That's correct.

Q Now, we're talking about lender-paid expenses and what happened.

MR. TILLOTSON: I'm going to ask Mr. Delany, on the mortgage here, the agreement between Ms. May and the lender, if you'll take us to page 11 and blow up the first part of paragraph 14 called "loan charges."

Q (By Mr. Tillotson) And this is her agreement with the people that loaned her the money; is that right?
A That's correct.
Q And when we service her loan, this is the agreement we're servicing it under?
A Yeah. These rights would be able to be transferred to the holder of the note.
Q Okay.
A So these rights are transferable.
MR. TILLOTSON: And, Keith, if you'll highlight the first few sentences here.
Q (By Mr. Tillotson) It says, "Lender may charge borrower fees for services performed in connection with the borrower's default for purpose of protecting lender's interest in the property and rights under this security interest including but not limited to attorney's fees, property inspection, and valuation fees." Do you see that?
A I do.
Q Okay. And so -- and I know it's not Ms. May, so I don't want to put her in the mix.
But if a borrower goes into default and doesn't pay their loan and we have to hire a lawyer to conduct a foreclosure, is that a lender-paid expense that the mortgage agreement says the borrower has to pay?
A It does. It is as long as you're in a state that allows

those fees to be collected --
Q Okay.
A -- in a situation of default. It's not in all states that you can collect those fees.
Q Okay. So let's assume we're in a state that allows it.
But, for example, if a borrower is in default and we're inspecting the property, is that a charge that we, as the servicer, initially pay and then seek reimbursement from the borrower?
A That's correct.
Q And is it because we have the right under the mortgage agreement to do it?
A That's correct.
Q Not all borrowers pay those fees, I take it, because they're in default and they're having trouble making their payments?
A That's correct.
Q So now while we're on here, the property inspection that went on, tell us why Nationstar would hire a property inspector to go to a borrower's house that it believes is in default and may result in foreclosure, why you would go there almost perhaps even on a daily basis as you get close to foreclosure.
What is it you guys are worried about that would make you do this?

A When you're responsible for it from the government-backed security entity -- that would be FHA, Freddie Mac, or Fannie Mae -- you're really doing -- acting on their behalf, but they're holding you accountable to watch this property. It would be the same as if you hired a babysitter and had a toddler, you expect your babysitter to monitor what's going on there.
And at times it feels like maybe that's excessive, but fires can happen in any day. Robberies can happen in any day. Liability issues to the community can happen on any given day.
It costs between 15 and $18 to do that visit. That's why it's done. That's why the owner of the note requires it to be done, and we have to comply with that.
Q We can look in here. It's on page 9 of this mortgage agreement.
But does the agreement Ms. May signed and other borrowers sign actually give the lender the right to inspect and go on the property under certain circumstances?
A It does.
Q Now, to the best of your knowledge, that never happened here with respect to Ms. May that someone went on her property?
A I couldn't find any evidence that anyone actually went into the -- onto her property.
Q But believing the loan was in -- was seriously

delinquent, Nationstar did conduct property -- or authorized someone to conduct property inspections from the public roads?
A That's correct.
Q Did -- to the best of your knowledge, could you tell that anyone at Nationstar knew or believed that Ms. May's loan was not really delinquent or in default at the time the property inspections were ordered?
A The individuals ordering the property inspections were under the belief that the property was delinquent.
Q Now, I want to return, if we will, to IIIII, second to last one, our most current statement.
Now, we saw -- and it was -- it was talked about both in opening and we saw portions of your -- of your -- of your deposition, but there was a statement before this one that you were shown that had some lender-paid expenses on it.
Do you remember that in general?
A I do.
Q Okay. Now, first, let me -- let's -- let's just establish a little background.
When a -- when a customer -- a borrower such as Ms. May is in bankruptcy -- back when she was in bankruptcy -- do we typically send them statements while they're in bankruptcy?
A We do not.
Q Okay. Tell us why you wouldn't send a statement to someone while they're in bankruptcy.

A The statement would be very confusing. The reason it's confusing is because the borrower and the courts and the creditors have agreed to a repayment plan. The repayment plan does not mirror the original documents that they signed at closing.

The plan has proposals in it that, through an extended period of time, arrearages will be caught up, everything will be adjusted, and there's a projected date three to five years out on a Chapter 13 that says, on this date, we will be totally reinstated, which means we should have a mirror of what the contract was originally supposed to be at that amortization point in time and the plan has fully funded and now they match. But in that five-year period of time, they don't match.

Q Okay. Now, when a borrower goes into litigation, like in this particular case where Ms. May filed suit, what's Nationstar's policy regarding sending them statements while they're in litigation?

A We -- we generally do not send statements while in litigation.

Q Why would that be?

A Because you have disputes that are going on, and most likely parts of the disputes are contained in information being disclosed in the statement. So you don't want to be asking for -- you don't want to be asking the borrower or the customer to be sending you money that is under dispute.

Q Now, in this particular case, if Ms. May, the borrower, requested to be sent a statement, even though we're in litigation, did we, in fact, send her statements as she requested?

A I believe we gave her access. I think she's got access, and I'm just -- based on my knowledge of our transaction journal, I think she has online access that she can go in and access her account and make payments on it online.

Q Okay. So, now, we have the most current statement showing all she owes is the December payment. I'm going to ask Mr. Delany if he'll bring up for us Plaintiff's Exhibit 27. That was the statement you were shown in your deposition.

MR. TILLOTSON: And if you'll first blow up the top part just so we can see what the date is.

Q (By Mr. Tillotson) This is Plaintiff's Exhibit 27, and it's a statement for April 3rd, 2015. Do you see that?

A I do.

Q And do you generally remember this was the statement that you were shown in your deposition?

A I do.

Q And are you aware this is the statement the Plaintiff's lawyers were referring to in opening when they said Nationstar was charging Ms. May for the legal fees in this case? Do you remember that?

A I remember.
Q First, let's address that directly. Is that true? Have we ever, Nationstar, charged the Plaintiff for the legal fees Nationstar is incurring in defending itself in this case?
A We've never -- we've never accepted funds from Ms. May and applied them to legal fees or property inspections.
Q Okay. I'm going to be more specific.
You know I'm Nationstar's lawyer here in this case, correct?
A I understand.
Q And you know Ms. Breihan, who's with the firm of Bryan Cave -- we're at different firms -- you know she's a lawyer for Nationstar in this case, and you know we're charging you. You can say it under oath. I'll get that acknowledgment.
You know you're being charged for legal fees in this case, correct?
A I understand.
Q And in any way, shape, or form, are those legal fees -- have they ever been put on a statement or on our books and records as some way being charged to or owed by or accountable in any way as Ms. May's responsibility?
A No.
Q Are they handled by different cost centers even within Nationstar?
A They are.

Q So if there was the implication or the -- the allegation that somehow in this statement we're about to look at that it's -- you're trying to make Ms. May pay for the legal fees in this case? Is that in any way true?
A Sorry. Repeat the question one more time.
Q If the implication is somehow Nationstar is trying to make Ms. May pay for the legal fees that Nationstar is incurring in this case, is that in any way true?
A That is not true.
Q All right. Now, let's go and see what the statement itself says there at the bottom.
MR. TILLOTSON: If you'll blow up for us "lender-paid expenses."
Q (By Mr. Tillotson) All right. It does say -- will you agree with me -- now, whereas the November one, it says 0, 0, 0, 0. In this one it says 0 for legal fees but a total of 1,225, and it list property inspections, for total of 1,624. Do you see that?
A I do.
Q Now, first, confirm for us, although it's listed in lender-paid expense summary, is there anything in this statement that says Ms. May owes this amount?
A There is nothing in the statement that says that she owes that.
Q All right. If you'll go back to the top part for the

amount due in the statement.

MR. TILLOTSON: Keith, if you'll blow up the amount due. Yeah, that box up there. Thank you.

Q (By Mr. Tillotson) It shows she's due for the monthly payment for the next month for June; is that right?

A That's correct.

Q She's actually paid a month ahead, from what I can tell, is that -- is that right, if the statement date is April 3rd and she's not due until June?

A For this statement, she is paid ahead.

Q Okay. And anywhere on here -- the Jury is going to get to see it. It's Plaintiff's Exhibit 27.

And anywhere on this statement, does it list her as having past-due amounts or owing amounts related to those lender-paid expenses that are in the box over here?

A No.

Q All right. Now, where -- explain to us why -- she doesn't owe it. We're not asking her to pay it.

Why are those lender-paid expenses on this statement, and where did they come from?

A They came from the foreclosure and the bankruptcy fees that were on the account at the time. They should have been removed at the time that the bankruptcy was finally discharged and the customer was to return to normal statements. It shouldn't have been on there. It shouldn't have been on any statement after that.

It was, but when we reconciled it -- you do see it on this one that it's there, but it specifically says "lender-paid." It doesn't say "borrower owed."

And if I'm a person looking at my statement, the first thing I always look at on my Sprint bill is what is the amount that I owe.

Q Okay.

A It has other information on the back three or four pages, but I always look for what are they asking me to pay, am I concerned that that seems to be right or that's not right. In this case it's very straightforward. It's principal and interest and escrow. It's asking for nothing more.

Q Does this statement list her in any way as having past-due amounts owed or delinquent amounts owed related to any lender-paid expenses?

A It does not.

MR. TILLOTSON: Okay. Now, go down -- just one last thing while we're on this, if you'll blow up the bottom box right here for us.

MR. DELANY: There?

MR. TILLOTSON: Yes.

Q (By Mr. Tillotson) It looks like that there are efforts being made on this statement to, if you will, clear out old expenses. Is that what we're looking at here?

A You are.
Q Okay. So tell us -- explain to the Jury what's happening here on this statement. What's going on in our books and records with respect to Ms. May's account?
A This is just the reconciling, the same as what I've done last night, reconciling all the expenditures on the account --
Q Okay.
A -- and adjusting it accordingly to see if the statement is reading correctly.
Q It looks like legal fees of 368 on April 3rd and then subtracted out as an adjustment miscellaneous expense. Do you see that?
A That's removing it.
Q Okay. So why are we putting expenses on and then taking them off of this statement on the transaction activity?
A You have to do both transactions. The same as if you have a bankruptcy trustee disbursement, you have to show the trustee's disbursement. You have to enter into a suspense that it was received from the trustee. Then you have to post it out of suspense as a payment to the customer's account. It requires two transactions.
Same here. You're showing that you had a fee of legal. We're taking it off the account with our own money so that we're removing that footprint. But we are identifying it, that we paid it. It was -- it existed, and we removed it.

MR. TILLOTSON: Okay. Now I'm going to ask Mr. Delany if he'll go to page 2. Actually, I think it's page 3, but there was a -- page 4. There was a listing here that -- it showed on your videotaped deposition, look at all the transactions. You can just blow up a section of it so we can see what we're looking at.

Q (By Mr. Tillotson) Did you take a look at this? I know in your deposition you hadn't seen it before you were asked questions, but did you take a look at this since then?

A Yes, I did.

Q And have you made an effort to go through all of those, to reconcile them, and to ensure that Ms. May is not and hasn't been charged any of those expenses?

A I did.

Q And have you literally done the work to go through all of them to satisfy yourself?

A I did it pencil to paper, double-checked my work. And it reconciles to zero monies that she paid. It was all cleared out off the account with Nationstar's funds.

Q Okay. Now I'm finished with the statements. So I'm going to turn to --

MR. HUMPHREYS: Counsel, would you show the entire -- all the transaction activity? That's only about half of it. There you go.

MR. TILLOTSON: The Jury will get to see the whole thing. So, yeah, you can blow the whole thing up.

MR. HUMPHREYS: I think that's fine.

MR. TILLOTSON: Sure.

Q (By Mr. Tillotson) So there's no -- I mean, we're not trying -- did you go through each one of those and manually try and reconcile to make sure she hasn't been charged and know what they are?

A What I did was I went through and identified the items that were on the corporate-advanced side. I went through and picked out all properties inspections, legal fees, motion for relief filings, publication fees, anything that had to do with a corporate advance that would be an unrecoverable item in a bankruptcy. And I reconciled that she was never charged. And I'm sure that they were cleared, but they were already cleared before my audit last night.

Q Okay. But the legal fees that we see on here in the amounts of like $368 and others, is it your understanding those are legal fees that were related to the foreclosure Nationstar started in the December 2013 to January 2014 time period?

A That's correct.

Q Okay. And had Ms. May been actually in default -- she was not -- but had she and we had to have gone through with that foreclosure, those legal fees are properly chargeable to the borrower; is that fair?

A If you're in a state that allows that.
Q Not in this case because we weren't supposed to be doing what we were doing.
But, in general, that's why they would wind up on a transaction like this?
A That's correct.
Q Okay. Now, you have told us under oath that she's current and she owes no other fees or expenses -- Ms. May does; is that right?
A I have.
Q Okay. And I want to ask you now to -- to -- how we can confirm in the future if there's problems, questions, or issues by Ms. May with this account --
A Well, we also confirmed it --
Q -- how we can make sure we can deal with that.
A We adjusted the credit report also.
Q Okay. And the credit report.
Have I -- I'm going to approach you with Exhibit JJJJJ and let you take a look at that.
Have I accurately put your name, your information, your cell phone, and your business card on there?
A That's correct.
Q Okay. Is that -- is that your personal cell phone?
A That's my personal cell phone.
Q Now, this is now an exhibit into evidence into this

trial. It is a public record.
Are you comfortable with that?
A I'm very comfortable with that.
Q Here's my question: If Ms. May has any problems from the moment this case is over, or any questions, does she have your explicit permission to call you directly at work or on your cell phone?
A She can call me seven days a week, 24 hours a day.
Q Can she email you at any time if she has any questions?
A She can.
Q Will you pledge to this Jury, in response to my question, to be as responsive as you can to any questions?
A I will. And I generally give that to all customers that I encounter, that they can have access to me 24/7.
Q That's my next question: To anyone who sees the public proceedings in this case or sees the exhibits or the record and has access to your phone number who is unhappy or feeling Nationstar is not listening to them, do they have your explicit permission to call you and raise those issues?
A Absolutely.
Q And will you now, in response to my question, say if such thing happens, you will be as responsive as possible to answer those questions from borrowers?
A Absolutely.
Q Okay. I want to turn now to some other issues that you

were asked about in some additional matters.

There was the -- you were asked some questions and -- and it seems that the -- the Plaintiff's lawyers are -- one of the things they're saying about Nationstar -- you're Nationstar -- is that we're being cheap and we're not spending the money necessary to get the job done right.

Do you remember being asked some questions about costs and expenses yesterday in your testimony?

A Yes.

Q And you were shown an exhibit about modifications, and I think it's been suggested to the ladies and gentlemen of the Jury that -- that Nationstar benefits if its customers are doing bad and doing delinquent and we get more money, and that's why we're pushing modifications and other things. And I want to address those allegations with you from some testimony.

Now, first, confirm for me. If a borrower becomes seriously delinquent and we have to foreclose on their home, does Nationstar make money off that foreclosure? Is that a profit-making endeavor for Nationstar?

A Absolutely not.

Q Do we lose money in effect on that?

A You lose money.

Q Is there any policy you're aware of -- stated, unwritten, suggested -- at Nationstar that encourages or allows

Nationstar to push for foreclosure of any borrower?
A Sorry. Repeat that question.
Q I want to know directly if there's anything at Nationstar going on where Nationstar is encouraging some of the people we heard on the phone and others to push borrowers towards foreclosure?
A The only time that you would push a borrower to foreclosure is if you had intervening liens on a property and the borrower's intentions were to not -- they couldn't afford it under a modification and we couldn't do a deed in lieu or a short sale because of the intervening liens. We would work with the borrower and allow them to stay in the property as long as possible, which would include up until the foreclosure date, and offer them assistance for relocation. In addition to that, we would give them a deficiency waiver so that they could start their life fresh.
That's the only time you would recommend that they do that because they can't afford a mod and you cannot do any other loss mitigation workouts, but you're still offering them an option of additional time in the property and that Nationstar will not be asking them for any deficiencies regarding the foreclosure action. In addition to that, we, almost 100 percent of the time, give customers cash for relocation.
Q You testified yesterday -- you mentioned the Nationstar

services about two and a half million loans.
Is that generally right?
A That's correct.
Q And so, without getting into too much detail, I'm assuming, out of the large pool of loans Nationstar services, there are a number of people who are truly behind in their loans and headed towards default?
A That's correct.
Q Okay. And with respect to those individuals, what is Nationstar's goal -- stated goal and policy about that group much borrowers who, for whatever circumstances, are having trouble meeting their mortgage obligation? What does Nationstar try to do?
A Our goal and our obligation to the borrowers and customers in those cases is to get them financial assistance as soon as possible, as often as possible; to get whatever approval authorities and modifications that the investors have.
We service different investors. So some of the investors have liberal modification plans, and others don't offer -- very little modification plans. But we have workouts for every borrower.
Our obligation is to share that information, expedite their situation. A win for us is avoiding a foreclosure, affordable payments to the customer that puts them in a better

situation because then they'll perform better and they'll give us better response when people interview them or do a survey.

Our goal is to keep them in the property, they are up to date on the property, they're satisfied with Nationstar's servicers and their efforts when they were in default, and can tell others about the company that we are and what we're trying to become.

Q Okay. We're going to talk some more about modifications, but I want to bring up --

MR. TILLOTSON: If Mr. Delany will bring up for us Plaintiff's Exhibit 215.

Q (By Mr. Tillotson) This was the document that you were shown yesterday by opposing counsel. I'm going to show the first page.

But, just to confirm for me, this is a document filed by Nationstar with the Securities and Exchange Commission identifying and giving certain information to the public; is that your general understanding?

A I understand, yes.

Q And you understand this document is filed by Nationstar under oath, meaning they're stating under oath that the information in here is -- is correct and accurate to the best of their knowledge?

A I understand.

Q Okay. I'm going to ask you to turn -- Mr. Delany to turn to page 24. You were shown some charts and some footnotes about modification fees and whatnot, but I'm going to take you to page 24.

MR. TILLOTSON: And if you'll highlight for us the 2014 highlights, Keith, in the first few bullet points.

Q (By Mr. Tillotson) I want to address this issue that somehow Nationstar and what happened to Ms. May was because Nationstar has a financial interest in pushing her to being delinquent or default or foreclosure.

This part here is our 2014 highlights, which are where we say overall 2014 was a successful year. Do you see that?

A I do.

Q And picking up with the second sentence, it says, "We exit the year as one of the strongest nonbank residential servicers, well positioned to service our customers and grow our corporate operations. Some of the major highlights for 2014 include . . ."

And I'm going to get to them, but would you at least -- it looks like these are the things Nationstar is bragging about, saying, "Look, these are highlights."

A That's correct.

Q Okay. I want to focus on the second bullet point, which says, "Our delinquency rate, measured as loans that are 60 or more days behind in payments, declined to 9.9 percent from

11.8 percent at the start of the year." Do you see that?
A Yes.
Q Is that saying, from 2013 to 2014, we were able to get more people current, less delinquents and more currents?
A That's correct.
Q And that's a highlight, a positive thing we're telling the public?
A That's correct.
Q Now, is that financially beneficial to us as a company to have people more current in terms of the revenue we might make?
A Absolutely.
Q Explain to the Jury why that's better for Nationstar to have people current than to have them delinquent or headed towards foreclosure.
A Because on a foreclosure action the amount of costs that you have -- you have to advance on behalf of the investor is out of your own pocket. And some -- example, some states can take up to three years to do a foreclosure. And during that period of time, you could be paying taxes, insurance. It could be abandoned property. You have to do upkeep on the property. You're paying all the insurance, the HOA fines.
And at the end of all that -- and you have depreciation on the house -- then you sell it. You're trying to then, after you sell it, to get whatever value you can to give back

to the investor.

In a lot of the foreclosures, the servicer is not reimbursed for a certain period of time. Say, for instance, in Missouri, it says you have to complete a foreclosure -- from default to the end is 12 months, and Nationstar takes 24 months. Nationstar has to fund the 12 additional months before foreclosure themselves. We're not reimbursed. So every foreclosure is really a significant loss of money.

And the other part to that is late charges accumulate. Fees accumulate. Most foreclosures, you don't recover that. That's not recoverable. You never get a check to offset late charges and attorney fees and things like that. So it becomes really a loss to your ledger.

The revenue side of your ledger is customers who pay well, they pay with little or no cost of intervention. They go on the Internet. We don't have to bill them. They pay as agreed. We send their 1098s out. The cost is very low.

As we keep the portfolio, the bulk of that portfolio current, it's more profitable to Nationstar. The investors -- that's what they want us to do.

They also recognize, within that portfolio, you have defaulted customers. They want us to get that default identified as quickly as possible, get financial packages out to the borrowers, evaluate them for something that will make their situation better, or talk to them about a short sale, talk to them deed in lieu. Some customers' end result is better if they can find cheaper housing.

We also recognize -- we give them cash if they need relocation assistance and weigh the deficiencies so, when they move on in their lives, they don't have a credit rating chasing them, they don't have a credit agency chasing them.

So we have options to try to move both things within an expedited time period, but we're driven -- our successes are measured by customer service, the opinions of what our customers have about us, how many customers we prevent from foreclosure, and how we're improving our procedures.

Servicers have to improve. It's a tough economy out there. There's a lot of law changes. You have to adapt and improve every day to deliver the service you want for your customer.

Q If you'll look at third bullet point, one of the 2014 highlights was "Nationstar launched and enhanced customer feedback portal that allows customers to provide reviews and provides them another avenue to communicate issues and have them resolved timely." Do you see that?

A I do.

Q Were you aware of that initiative in 2014?

A I was.

Q And is that another mechanism for customers now to communicate with Nationstar and raise complaints?

A Yes. We want to know what our customers think of us.

MR. TILLOTSON: All right. Now, I want to move down to -- Keith, if you'll get us to the next paragraph, which is the 2015 initiatives. If you'll blow up -- that's fine.

Q (By Mr. Tillotson) This is -- this document was -- is for this year. So I know we're almost to the end of 2015, but these were the initiatives. And it's called "Customer for Life."

It says, "Our principal customers include current homeowners, home buyers, and home sellers. Their satisfaction is our top proprietary, and we remain committed to continuous improvement and service delivery." Let me stop there.

Do you agree with that? Is that true?

A That's true.

Q Is your job -- do you feel your job, in part, is dedicated to making sure that statement is true for Nationstar?

A Absolutely.

Q Now, I want to find out why that's good for us other than happy customers.

The document goes on to say, "Most of our customers did not initially choose us as their preferred service provider. However, we intend to deliver our services in a manner such that they select us as their service provider when they choose to purchase or refinance their home."

Now, let's translate that. Ms. May did not come to you initially for the loan; you acquired the servicing rights for her loan in the middle of the life of the loan?

A That's correct.

Q If I'm reading this right, it's saying you, Nationstar, better do a great job for her because, when she wants to refinance her home, you hope she'll pick you rather than someone else.

Have I got that right?

A Or if she decides to buy a new home, we hope that she would select us.

Q And as it turns out, you've heard the statements of counsel that, as she came from bankruptcy, she was thinking about selling her home and buying a new one. Do you remember hearing that?

A I remember.

Q And so it wouldn't be -- would it have been in Nationstar's interest to do what it did, which was to, I think, irreparably sully your reputation in front of this particular customer so, when she wants to refi or buy a new home, you're not in the game?

A Sorry. Repeat that last one.

Q Yeah. Did -- is what you're trying to avoid, which is having good customer service, is to avoid what happened here, which is a particular borrower now may want to refinance or

buy a new home and she doesn't want to deal you.
That's what you're trying to avoid?
A Yes. I recognize I've lost Ms. May. There's no way I'm going to be able to get her back, but I can make a difference taking her situation into the future and learn from the situation so that I don't lose Jeannie May customer -- or a customer like Jeannie May in the future.
Q Okay. So one of the suggestions that we don't care or we're not listening or we're trying to push people towards unpleasant experiences through default or whatever, is it, in fact, Nationstar's policy to try and have the best service possible so we can retain those customers if they refi or buy a new home?
A That's correct.
Q Now, you also say down here a few other things I'm going to cover, which is "Providing customers with a positive experience should translate into improved financial results."
And so at Nationstar treating customers right or trying to -- to address their issues not just because it's good customer service, but is it financially beneficial to Nationstar to do it?
A It is.
Q Okay. One of the things says it increases the value of our servicing portfolio.
And then if you'll look down to -- to bullet point 3,

"Improves our standing with investors, including the GSEs and Ginnie Maes, increasing our opportunity to selectively acquire additional portfolios."
A That's correct.
Q And does that mean, if we do a great job, people like Fannie Mae, Freddie Mac, Ginnie Mae, these big investors that have lots of loans, will want to do more business with us and allow us to service more of their loans?
A That's correct.
Q Okay. Now, just a couple of things in this.
MR. TILLOTSON: If you'll now go down and blow up for us the first sentence beginning with "For 2015," the next two paragraphs.
Q (By Mr. Tillotson) We say, "For 2015, we are focused on multiple initiatives that can be grouped into customer service, increased transparency, and continued investment in technology initiatives that ultimately better serve and empower the customer." Do you see that?
A I do.
Q Now, on service quality it says, "For each of the services we deliver, the first interaction many customers have is with our customer service representatives." Is that accurate?
A That's accurate.
Q And it says, "Our employees are the cornerstone to the

customer experience. We have and will continue to spend significant resources in training and properly incenting our employees." Do you see that?
A I do.
Q Now, they're talking about the individuals we saw in the videotapes here that dealt with Ms. May on the phone. Do you remember that?
A Yes.
Q Does Nationstar spend significant resources training those employees and helping them try and be better?
A We do.
Q Since you've been at Nationstar, over the last couple of years -- so this incident took place in 2013, 2014, we're now in 2015.
To your knowledge, has Nationstar ever cut or decreased the training budget for those people, those individuals during that three-year time period?
A No. It has increased every year.
Q To your knowledge and what you've seen, is Nationstar skimping in any way, not training or working with its people because of cost issues?
A No. We're adding more resources and additional training every year that I've been there. Every year since 2002, we've increased our training.
Q Okay. It says, "Second, for each complaint received, we

perform a root-cause analysis that results in updates to our service delivery protocols as well as our quality assurance programs with the goal of eliminating repeat complaints." Do you see that?

A I do.

Q Is that true?

A That's true.

Q Are you part of the process of looking for the root cause of complaints?

A I am.

Q And were you tasked with looking for the root cause in this particular case?

A I was.

Q And, to the best of your ability, have you sought to correct whatever the problems were with Ms. May's account?

A Every -- every problem that I identified, I addressed.

Q And have you sought to take or -- or deal with steps at Nationstar so that, hopefully, complaints like this won't happen in the future?

A I have.

Q We're going to address those in a minute, but let me just do the third one here.

It says, "Third, for 2015, we will tie more incentive compensation to measurements that directly correlate to the quality of services delivered, such as customer complaints and

recapture." Do you see that?
A I do.
Q Are you aware of changes in the incentive compensation how you pay people who are doing the things we've seen here in this courtroom, so that it more closely correlates and improves them -- correlates and incentivizes them to improve the service they're giving?
A It's already implemented.
Q What are the kinds of things you're doing now that -- so you're paying people so that they are motivated to give better customer service and find and correct problems?
A Every quarter, we have management slides that we share with all our teams of how improved we have become on handling complaints. We've had a 25 percent improvement in complaints over the prior year.
When we have changes, we have -- every Wednesday, we have -- everybody that's within a team has a meeting with their manager and their vice president to go over any changes in processes or procedures that would improve the customer experience with Nationstar.
Q And are people today at Nationstar -- does their compensation for the ones we've seen turn or at least be influenced in part on how well they give the customer service and how well they do that?
A Absolutely.

Q All right. Now, that's in general. We've talked about the general things that Nationstar is doing. I want to talk -- turn now to the specifics of this case. But, first, before we do that, we've talked about Ms. May's account being in bankruptcy, and I want to address some issues with respect to that.

When a borrower is in bankruptcy, does that make it more complex for Nationstar to do the servicing?

A It does make it extremely complex.

Q Tell us why a borrower going into bankruptcy makes it harder or more complex for Nationstar to do its job?

A I'll try not to be long-winded. I'll try to recognize the Court's time here.

But bankruptcy has -- a customer has defaulted. They seek Court's involvement. The amount of the default period of time -- if it's 1 month, 10 months, 6 months -- that section of the bankruptcy is called pre-petition, and that's the section that -- you take that arrearage, and you spread it over years. So you're basically taking six months worth of missed payments and spreading that over a repayment plan of five years.

At the same time, the borrower has to begin at a certain point in time to make post-petition payments so you're not falling further behind. And it would be very easy if that's all it was, but it's more complicated than that.

You have loans that have escrows. Escrows change when taxes get raised or homeowner's insurances gets raised. So within that time period they're in bankruptcy, you have to give notifications to the Court so that the Court can adjust the payments for the increases into the escrow.

And if there's a default, that can even make it more complex because now you have to enter in with an attorney and readjust your accounting and tell the Court that the customer has failed to make pre-petition payments or post-petition payments, and that adds a layer of complexity.

Irregardless, servicers have to get this right. We're the professionals. It's hard. A lot of things in life are hard. It's complicated. It doesn't give us a free pass.

We have to understand the laws. We have to know what we're doing. We have to comply with the courts. We have to do our audits. That's what we are holding our accountability for. I'm just telling you it's not easy. But we have to get it right, and we have to get it right every time.

Q Okay. Now, in connection with your testimony here, did I provide you with a series of excerpts of exhibits which are Plaintiff's 176 through 213?

I have them up here. I'll give them to you in a second.

But do you remember seeing a series of exhibits which were some of the policies and procedures regarding how Nationstar services loans in bankruptcy and coming out of

bankruptcy?
A Yes.
Q Okay. And if we went through all the pages and looked at it, would we see specific directions and training on how to handle various bankruptcy matters, accounts in bankruptcy, and how to handle the various issues that happen?
A That's correct.
Q Okay. And I obviously don't want to go through all of them, and I'll give you a copy of it. But, I mean, if we were to look at the manuals and see, you know, would it contain screens and instructions about how to handle various things that happen in bankruptcy?
A That's correct.
Q Is there training at Nationstar for people when customers, borrowers are in bankruptcy, how to handle their accounts and service them properly?
A There is. It's extensive.
Q And now, when they're in bankruptcy -- when they come out of bankruptcy, called discharge from bankruptcy, are there also in here policies and procedures for how to handle that?
A Yes. For your -- notices or notice of final cure are deemed current notices.
Q Okay. Now let's talk about Ms. May. While Ms. May was in bankruptcy -- and, by the way, have we -- to the best of your knowledge, have we made and produced in this case all of

the policies and procedures I've been talking about? Do you understand they've been made available to the Plaintiffs and are exhibits now in this trial?
A They are.
Q Now, let's talk about Ms. May. While she was in bankruptcy -- and we'll relate it to then the events that happened here today.
While she was in bankruptcy, she was making her payments, did there come a period where while in bankruptcy for whatever reasons she fell behind and wasn't making the payments she was supposed to make in bankruptcy?
A That's correct.
MR. TILLOTSON: Okay. I'm going to ask Mr. Delany if he'll bring up for us -- it's our G, Keith, which is 7, page 16.
Q (By Mr. Tillotson) Okay. We have here one of the exhibits in the case, which is some of the bankruptcy documents, and we have a chart here.
Do you recognize this chart that was in connection with her bankruptcy that was listing the payments she was making in bankruptcy?
A Yes, this is --
Q Is that what we're looking at?
A This is the post-petition ledger. This would be relating to payments that she would be making outside the pre-petition.

These would be just normal months outside the arrearage months.

MR. TILLOTSON: Okay. And, Keith, if you'll blow up the bottom part right there for us.

THE COURT: I'm sorry. What exhibit is this?

MR. TILLOTSON: G, Your Honor. I apologize. One G.

THE COURT: I have G as a fax from Plaintiffs to Nationstar.

MR. TILLOTSON: Your Honor, I apologize. It is a fax. It includes her bankruptcy documents that she sent us.

THE COURT: Got it.

MR. TILLOTSON: I thought that was the easiest way to show it.

THE COURT: Fair enough. Thank you.

Q (By Mr. Tillotson) Now, this is a listing of the payments she's making, but does this show that in approximately --

MR. TILLOTSON: Oh, Keith, if you'll go up just a few more months.

Q (By Mr. Tillotson) It looks like while she's in bankruptcy she -- she has a payment -- let's just say July 1st, 2010, and then that's made on August 13th. Her August payment is made on September 10th; September 1 payment on October 12th. And so on.

And so her November payment for 2010, she makes, it looks like, in March of 2011 and then doesn't make

approximately five payments. Do you see that?
A Right. Right. The -- the inside column is the dates that she's paying for the months on the first column.
Q Okay. And so then she, for whatever reasons -- and I'm not -- she gets behind in the bankruptcy and has to make a catch-up payment or what? What would happen if a borrower such as Ms. May or any borrower who's in bankruptcy didn't make the payments according to their plan?
A Nationstar can file for a motion for relief for default of the post-petition payments. The Court would review it and either propose another plan that might be able to address that default, or the Court could grant the servicer on behalf of the lender the motion for relief --
Q Okay.
A -- which would then remove it from the bankruptcy protection.
Q And in this particular case, Nationstar filed a motion for relief because she had not made the payments in the plan, are you aware of that, back in 2010?
A I am aware of that.
Q And so, if granted, there was the possibility that Nationstar could avail itself of the remedies, such as foreclosure, even though she's in bankruptcy because she's not, in the bankruptcy court's eyes, complying with the plan.
Is that generally correct?

A Well, just -- just so you know, on a procedure basis, if you file for a motion for relief, that doesn't -- the next step is not foreclosure under a Fannie Mae loan. She then gets -- after that, she gets Fannie Mae's streamlined modification approvals.
Q Okay.
A So she gets -- it's just that there are offers of help outside of bankruptcy. The next step is not to just file for foreclosure. You go into loss mitigation after that.
Q I understand. And then are you aware in general -- it's been talked about in one of the exhibits shown in opening by the Plaintiff's lawyers that Ms. May, in fact, paid all the amounts due in the amount of about $4,600 during this time period in 2011, brought current?
A Yeah. I was very impressed. You don't see a lot of borrowers that do that performance. That was impressive.
Q And then, from there on, she made the rest of her payments in her plan and was discharged from bankruptcy in January of 2013.
A That's correct.
Q So now let's connect the events here and what happens later on. When the Jury has seen faxes and heard Ms. May telling our people and sent us information that "I paid the 4,600. I paid the payments I hadn't made," she's actually referring to this incident here; is that your understanding?

She's telling us, "You guys think I never made those payments," and she keeps sending us the check that she says she made. Do you remember that?

A Yes and no.

Q Okay.

A I think there was more confusion. There was that part of the confusion, and there was confusion that the payments that was missed were right before that transaction in March of 2013.

Q Okay.

A So it's a combination of misunderstanding, that check and what the transaction was.

Q Not her fault. Our mistake.

But just so we understand some of the things that have been said, when she's talking about having made a $4,600 payment, she's referring to this particular situation here?

A Yeah. Not her fault, but that's what she's --

Q Okay.

A That's what she's saying to us.

Q Now, when she comes out of bankruptcy, in your review of the files, you said she wasn't -- she hadn't been getting statements.

Did, to your knowledge, Ms. May request to start receiving statements once she'd come out of bankruptcy?

A She did. I thought it was February of 2012.

Q Okay. I have for you the collection notes, which I'd like just to briefly talk about which -- I'll give you your copies, but we've referred to --

MR. TILLOTSON: If you'll bring up for us Exhibit A, Keith, which is Tab 1.

Q (By Mr. Tillotson) Both sides have been using a printout of what are called the collection notes; is that right?

MR. TILLOTSON: And if you'll just blow up the top part here so we can see it.

Q (By Mr. Tillotson) And this is a printout of the interaction on the account with Ms. May; is that fair?

A That's the communication logs that would be between departments and Ms. May.

MR. TILLOTSON: Okay. And, Keith, if you'll now bring us a few entries in so we can see.

Q (By Mr. Tillotson) We've been talking about and looking at screens. This is what -- some form of this may be what people at Nationstar would be looking at; is that accurate?

A I'm trying to see what you brought up in the screen.

Q Well, we -- yeah, I'm sorry. I was trying to do it in a simplified way.

We've heard people -- some of the individuals on the phone saying, on my screen or what I'm showing, you owe certain amounts. What is it that they're looking at?

A They're looking at the very top of the screen.

Q Okay.
A Above that, above what you're boxing.
MR. TILLOTSON: Okay. So hold on. If you'll blow up the very top of this.
THE WITNESS: Very top.
MR. DELANY: Very top?
MR. HUMPHREYS: Yeah. Sorry.
THE WITNESS: That Section.
Q (By Mr. Tillotson) Okay. And that would show the information, what payments are due -- over there at the right-hand -- and when it's due; is that right?
A That's right.
Q Now, if you would scroll down through all this, those would be the notes someone could look at to see any back-and-forth on the account; is that correct?
A Yes. That would include notes. You would see certain transactions if a late fee was assessed or waived.
Q Okay.
A You would see if letters were dropped, things like that. It's communications, including letters and other notations and certain system-generated comments.
MR. TILLOTSON: All right. Now, if you'll blow up maybe the first five or six of the entries.
Q (By Mr. Tillotson) You had testified in your deposition about the -- the individuals we saw on the phone. I think

they're called foreclosure and prevention specialists. Do you remember the testimony and the recordings we heard from that?

A They're foreclosure prevention specialists.

Q Okay. And what -- you had talked about what they could see on their screen.

When you load and bring up this, one of those individuals, you could see all of the notes or, depending upon how you brought it up, you may only see what are known as the collection notes. Is that generally correct?

A That's generally correct.

Q Okay. So on the very far left-hand column, the CL, CS, and CA, does that designate what kind of note it is?

A That's correct. The CL would be anyone in default. CS would be customer service. Other notations could be bankruptcy, or research could show up in that area also.

Q Okay. Now, explain for us, because it was in your deposition, but I want to be clear.

When you were saying that the individuals talking to Ms. May on the phone were only looking at certain notes, what were the notes they were looking at or had access to?

A It depends on if they were headed in their queue -- like, certain representatives, they were on a dialer. If the dialer fed them, the account automated into their screens -- in the dialer world, it makes contact with the borrower. And as soon as you pick up with the borrower, it pops up the screen with

that account.
Q Okay.
A And if the dialer has been filtered to only bring up collection history, you're not going to see any -- any entries that were entered by the bankruptcy department, customer service, or the research group, or customer relations group. You can access them easily, but the first visual, if it hasn't been swept that way, you're only going to see what the communications were most likely by people within your department.
Q Okay. So -- and we'll get to it, I think, maybe a few minutes after lunch.
But if there was a note from research or a note from bankruptcy but the people we heard on the phone had only brought up the collection notes, they wouldn't be seeing those notes necessarily?
A That's correct.
Q Now, they have the ability to see them; is that -- is that correct?
A That's correct.
Q And when you investigated this situation, did you ask the individuals we saw on the videotapes why they didn't look at or get access to those notes?
A I did.
Q And what did they tell you?

A They said they didn't know how to access those notations from research and bankruptcy.

Q And -- and did that surprise you?

A I was very surprised.

Q Did you correct them and train them on the right way to bring up all the notes in the system for the future?

A I brought them to my desk. This was in my office. I brought up my computer, and I showed them the two key punches you have to do. And there it was.

And then I brought up the note. If they would have saw that note, would it have changed how they would have handled that account for Ms. May at that time? They said, "Absolutely. I would have been able to give a much different response. I didn't know how to access that particular notation in the system."

Q Okay. Now, does Nationstar train people to know, when they bring up this information, they're getting the CLs, the CSs, the CA notes, all the notes? Do you tell how they can get access to these as part of the training?

A Everyone that works for me knows how to do it. So what I did was I called her manager. Her manager says, "I know how to do that. I wasn't aware she didn't know how to do that."

And I said, "Validate with everyone on your team." I called the vice president of that group.

And I got the same responses that "We know how to do that."

I said, "Double-check everybody in your team because I have two -- three employees that are exposed that say they don't know how to do that transaction." So I made sure everyone in that department refreshed that training that I just gave those two employees because I wanted to ensure that I didn't have employees out talking to customers like Ms. May that wouldn't know how to access critical information that could resolve a situation in one phone call rather than how it kind of festered for the length of period of time.

That's also very embarrassing in how long until we finally got it resolved.

Q Okay. Final question on this subject, and then we'll move on.

Are you assured, as the vice president, the person responsible for finding the root cause of what happened here and correcting it, through the actions you've done, that the problem we've just identified, which is there may be some people on the phone that haven't fully loaded all of the notes so they can see all the history, that that problem -- we've taken adequate measures to solve it so it doesn't happen in the future?

A I'm taking an additional active measure that our system doesn't default that, that it gives every employee all the notes automatically so they don't have to go through a procedure to go get the information. I think we've evolved to a point in the complexities of mortgage servicing that I want all employees to be able to access important information that might be necessary so that Mrs. May doesn't -- Ms. May's account haven't that lack of knowledge from our employees happen again.

Q Thank you.

A So I'm going to have it automated.

MR. TILLOTSON: I'm going to move to another document, Your Honor. So the Court may --

THE COURT: Yeah, we'll break for lunch.

Okay, folks, again, you are instructed not to discuss the case. Don't form or express any opinions about the case. Don't let anyone discuss the case in your presence. We'll begin back at 1:15. Okay.

(The following proceedings were held outside the hearing and presence of the Jury.)

THE COURT: Can I make a quick record? Could I ask the lawyers to step around for a second? Thank you. Can the lawyers kind of come up here? I don't want to do a side bar, but I don't want to scream this out in front of everybody in the world. Let's just go over here. We're going to lose a juror on Friday. The juror has expressed information to the clerk that the juror's daughter, who is pregnant, was supposed to have the baby sometime down the line, and they just found out yesterday that they're going to induce labor on Friday. It's the lady's first baby, so the juror obviously wants to be there. I just wanted to let you know. I've told Carol to tell that juror that if we're here Friday, she's gone. I just wanted to let you know. Okay.

(Court recessed for lunch from 12:06 p.m. until 1:15p.m.)

(The following proceedings were held within the hearing and presence of the Jury.)

THE COURT: Okay. You can take the stand again, sir. Thank you.

MR. TILLOTSON: May I proceed, Your Honor?

THE COURT: You may. I'm sorry.

MR. TILLOTSON: Thank you. No problem.

Q (By Mr. Tillotson) Mr. Loll, welcome back. I want to now turn to the specifics of Ms. May's accounts and go through some of the issues that took place. Right before we left off, we had -- you had testified that Ms. May was discharged from bankruptcy in January of 2013.

At the time, had she completed all of her obligations in connection with the bankruptcy?

A That's correct.

Q Made all her payments?

A That's correct.

Q Now, you had mentioned that, when people are in bankruptcy, they don't receive statements.

Did there come a time, to your knowledge, in reviewing this file where Ms. May, having come out of bankruptcy, requested Nationstar start sending her statements?

A There -- there was. It was almost immediately at or about the time that the bankruptcy was finalized.

Q Okay. I'm going to ask Mr. Delany if he'll bring up for us Exhibit A and go to page 8.

And while he does that, I'm going to hand you your copy of that exhibit so you have it handy. All right. It'll be up here on the screen as well.

Are we looking again at the collection notes that we've been talking about?

A Yes, we're looking at the collection history profile.

Q Okay. If you'll go to page 8 -- and if you will blow up for us the second -- right there for us. Okay.

And this, as you see it there on the screen, it's the February 25th, 2013, entry that says, "Talked to MRS." Do you see that on the screen?

A Yes.

Q Okay. And MRS is Ms. May, who you're referring to in the notes?

A That's correct.

Q It says, "Called to get info on monthly statements. I advised her once the BK" -- I assume that's bankruptcy -- "has been terminated in our system, she will start receiving

monthly statements." Do you see that?
A I do.
Q Translate that for us. What are our folks telling Ms. May about when she can get monthly statements?
A Once the bankruptcy is finalized and she's no longer under the jurisdiction of the trustee or the bankruptcy court and they issue the final order of discharge, at that time, the notice of final cure has been -- all parties have agreed to that. At that time, she would begin to make her first payments post-bankruptcy directly to us, and our records would then -- should truly reflect the situation of being current coming out of those plans.
Q Okay. Now, when she comes out of bankruptcy and Nationstar is going to send her a statement, what is Nationstar supposed to do before sending her a statement about what the current status of her account is once she's come out of bankruptcy?
A Once she comes out of bankruptcy and they notice a final cure, that hearing or that notice has been complied to, Nationstar has a responsibility to review the account and to make any necessary adjustments as it relates to the rules under the bankruptcy.
Examples would be to remove any uncoverable expenses that would still be remaining on the account after bankruptcy --
Q Okay.

A -- and do an appropriate escrow analysis if it wasn't already done in the bankruptcy so that the customer would be on solid footing going forward because the bankruptcy -- the powers of the bankruptcy would no longer be behind her. She would be basically like every other customer who's in a general servicing at Nationstar.

Q Okay. Now, I'm going to ask Mr. Delany if he'll bring up Defendant's Exhibit FF, which is Tab 32. FF, tab 32. And I'll hand you a version here.

Are we looking at the March 11th statement? We just saw a late February entry, her asking for statements.

Did we generate this March 11th, 2013, statement?

A It's a statement that's generated in March, but it's for April 1st billing cycle.

Q Okay. But is this essentially the first statement after she's requested statements that we would be sending her, to your knowledge?

A Yes. The timing of this would be -- this would be her first statement.

MR. TILLOTSON: Okay. Now, Keith, if you'll take us down to the main page and you will blow up for us the amount due explanation there on the left-hand corner.

Q (By Mr. Tillotson) You can see we have principal and interest due, escrow amount due for a total monthly payment. But we also have lender-paid expenses.

And then we add the two of those up to say the amount due was the total of the lender-paid expenses and principal in escrow. Do you see that?

A I see that.

Q Now, that's different from some of the statements we saw that were shown at your deposition where we don't add those together.

But, here, would you at least agree with me the statement is definitely telling Ms. May she owes those lender-paid expenses?

A Yes.

Q Is that erroneous?

A Yes, it's incorrect.

Q How did that happen?

A I don't know specifically how it happened, but the procedure that should have happened before that statement was generated is the bankruptcy department has to complete an audit. And it's in our policies and procedures to clear out any nonrecoverable fees.

These were nonrecoverable fees that were not cleared out; and, therefore, they populated into the statement. And they populated in the area of the statement giving a customer a directive that that was the amount that they owed.

Q Okay. Now, we've seen the final statement.

But this amount that we sought and told her she owed, did

we ultimately fix that, credit her for it?
A We did.
Q And, to your knowledge, did she ever pay this amount?
A No.
Q All right. Now, at the same time, around this time period, I want to bring your attention to the second issue we've talked about.
During the March 2013 time period, was another error made on Ms. May's account, to your knowledge?
A Yes.
Q Okay. First -- and I know we've heard a little bit about it, but we haven't really given you a chance just to answer an open questioning about it.
What was the error that was made in the late March 2013 time period?
A There was an adjustment made that affected multiple accounts based on a reconciliation from a 2008 bulk payment made by a trustee that had -- I'm going by memory. Maybe seven or eight customers were in that bulk payment under Citi's servicing of the loan.
And in the correspondent email was a discussion that those accounts had to be re-audited and adjustments made based on overpayment.
Q All right. I'm going to ask you --
A Not to every customer but overpayment base -- from a

trustee.

MR. TILLOTSON: Okay. I'm going to ask Mr. Delany if he'll bring up for us Exhibit FFFFF, Tab 110.

That's five Fs, Your Honor.

THE COURT: Thank you.

Q (By Mr. Tillotson) Which, if it was a paper, that would be our grade, as we're about to get into.

Now, do you recognize this email from your investigation in trying to figure out what the root cause of the problem was?

A I do.

MR. TILLOTSON: All right. I'm going to ask Mr. Delany if he'll go to page 2 there at the bottom with the email that's addressed to Vanessa, Matt Baxter.

This part right here, Keith, if you'll blow that up for us, in this email chain. Okay.

Q (By Mr. Tillotson) And this is from Matt Baxter at Nationstar, who is sending it to Vanessa Dauterive.

And she's where? Do you know? Is she with us, or is she with Citi?

A I'd have to look at another email. I thought she was with Citi, but I would have to see the other email --

Q Okay.

A -- on a signature. But I thought Vanessa was with Citi.

Q I'm going to represent to you -- we'll see it in a second. But just if you'll go with me, she's from Citi, and I'll show you in a second.

But Matt Baxter from Nationstar says, "Vanessa, I have attached a bulk check that was sent to Citi on 10-27-2008 for $5,769.02 from trustee, John LaBarge, Jr."

Now, I had mentioned in opening, but in the bankruptcy process for people like Ms. May and others, are payments made through the trustee at times?

A They are.

Q That means Ms. May pays the trustee and the trustee pays us?

A In most cases, only on pre-petition basis; but in some cases, the trustee will handle both pre-petition as well as post-petition. Ms. May was -- the trustee was handling the pre-petition. Ms. May was handling the post-petition directly to the servicer.

Q Got it. And then does the trustee, in your experience, sometimes have several of those payments and then make a bulk payment and it would be applied to several accounts?

A That's correct.

Q All right. So this says, "In the check, $51 was supposed to go towards Jeannie K. May's loan number and gives it, but I'm not seeing this was ever applied to the loan. Can you please check to see if these funds were misapplied to a different loan?" Do you see that?

Is what's being said here that a bulk payment was being made and we're not sure Ms. May got her credit for the bulk payment?

A That's correct.

Q All right. So it starts off, if you will, in an effort to see if Ms. May might have a $51 credit coming to her account?

A She had a $51 credit coming to her account. All monies were applied on Jeanne Hoyt's account.

Q Okay. We're going to get to that.

MR. TILLOTSON: If you'll now go to the first page. If you'll blow up this part right here. Okay. I'm sorry. If you'll -- if you'll go up. First item, page 1. Right here. Get some of the names. Okay.

Q (By Mr. Tillotson) So now this is -- there's a response email in here, and we say --

There you go. Yeah, that's fine. Thank you.

It says, "Good afternoon, Matt. I was finally able to get this issue straightened out. On 11-05-08, the entirety of this trustee's check was mistakenly posted to the client Jeanne K. Hoyt's account. Please see below. This client accounts was service-released to Nationstar on November 1st, 2010, without the error being caught prior to the release. Therefore, Nationstar has the full 5,769 for this check on this client's loan. Investigating further. 606 of the check

is due Nationstar while 5,162 is due back to CitiMortgage."
Do you see that?
A I do.
Q Now, it sounds like the bulk payment that was made was not allocated among all the people's accounts including Ms. May but instead was all put on Ms. Hoyt's account?
A That's correct.
Q And it sounds like this happened before we got the loans.
A This happened --
Q This was not our mistake; this was someone else's mistake, but we're now being told, "You got the loans with this mistake in it and we have to undo it"?
A It was applied in November 5th of 2008.
Q Okay. And the end result --
MR. TILLOTSON: If we go to the bottom, page 2 of this email, the -- a little further down, Keith. Keep going. Keep going. Perfect.
Q (By Mr. Tillotson) This email ends with saying we have to give back Citi 5,162, we keep 606, send them a check.
And you can see now Vanessa works for CitiMortgage. Do you see that?
A I do.
Q In the department called Iowa Cash. Okay.
Did we send CitiMortgage a check for $5,162.46?
A We did.

Q And to now credit that or address it, we're supposed to take 5,162 out of Ms. Hoyt's account, the second name listed right there above Drew. Do you see that?
A Yes.
Q But instead we do what?
A Well, if I can interject. We were never supposed to even pull it off of Jeanne Hoyt's account under procedure. We should have just paid the amount directly from acquisitions. We shouldn't have changed any seasoning of anybody's accounts at that particular point in time even though the error was associated with Jeanne Hoyt's.
What did happen, even though the directive was for that account, we erred by taking the monies off of Jeannie May's account at $5,162.46, but we should have never even taken it off Jeanne Hoyt's account even under that circumstance.
Q Okay. Let's talk about who the people are. Matt Baxter and Ms. Dauterive at CitiMortgage -- are these two individuals that are in essentially the bankruptcy departments at their respective organizations, to your knowledge?
A I know Matt Baxter was. It looks like Vanessa is technical support. I did work for CitiFinancial at one time, but I don't recognize that title as necessarily a bankruptcy employee. It most likely is, but I cannot confirm based on that signature.
Q Now, you had testified earlier that when we acquire all

these loans, we're pursuant to contracts between us and CitiMortgage. Was it appropriate for Mr. Baxter to be having discussions with the CitiMortgage person about refunding monies back and forth and debiting anyone's account as a result? Should that have been going on?
A It was okay that they had the conversation to identify the root cause. It was not okay to make the decisions on how they were going to address it.
Q Now, just before I asked you about what we've done about it, the actual debiting this to Ms. May's account instead of Ms. Hoyt's, to the best of your ability through investigation, was that the result of human error?
A It was.
Q And all of the investigatory you work -- I mean, this starts the biggest part of the problem that we didn't see; is that fair -- I mean, this mistake here?
A That's the root cause of what puts into motion other chain events.
Q Did you see anything in your investigation in talking to people and looking at the emails and documents that suggested in any way there was any maliciousness or intentional effort to -- to wrongfully debit Ms. May's account, that we didn't care or we were just trying to get some money out of someone? Did you see anything that suggested Nationstar was acting improperly in that way?

A No. The individuals I talked to were very upset that they missed it.

Q Now, you've said it was okay for -- for Ms. Dauterive and Mr. Baxter to be talking.

Have you implemented any policies or procedures at Nationstar to ensure that what happened here likely won't happen in the future on other accounts --

A I have.

Q -- with respect to this issue?

What have you done?

A They can still have that conversation, but to do the accounting transaction would require a vice president's approval within those departments. So you would have -- one of these employees would have to write a cash request offer to the vice president.

The vice presidents are much more involved in the acquisitions area. They would have looked at the account, realized how old from 2008 this was. And it would have been very straightforward and obvious.

We're not going to adjust individual's accounts that can affect 1098 reportings that much in the way of amortizations. We are simply going to just cut a check to reconcile it and then look at the contract we had with Citi. And if Citi didn't catch their own error within a certain period of time, Citi would have to just reconcile themselves with their own checkbook.

Q So in the future, if something like this happens, although mistakes do happen apparently, it will be the particular borrower who won't wind up having to deal with it; Citi and us would just simply resolve it through our contractual relations and either us or them would pay for some portion of it instead.

A That's correct. I mean, when we reconciled this, we didn't use Jeanne Hoyt's money to reconcile it even though that's what was identified. We used our own money. Jeanne Hoyt's money was always left on her account.

Q Okay. Now, let's complete the circle here. So we know we wrongfully debited Ms. May's account. We put into place procedures so this won't happen in the future. And if there's issues like this, we'll just pay for it.

Did Nationstar ever go to or access Ms. Hoyt's account and attempt to get back any of the money at issue here?

A We did not. She benefited by that transaction error, but -- and my opinion and the legal opinion was the monies had been seasoned. We were going to cause more harm by reversing that off and having to give the appropriate disclosures. And the right thing to do was just simply write the check, not adjust anyone's account.

Q Okay. Now, I want to turn back to Exhibit A, which are the collection notes and go to page 10. I want to see --

we've identified the mistake, and now I want to see where it is in the collection notes.

MR. TILLOTSON: And if you'll blow up for us the middle one, which is the 327, Keith.

Q (By Mr. Tillotson) And he'll blow it up for you.

Here's a collection note on 3-27, which says, "Previous service adjustment completed to tran history. Funds in amount of 5,769 were applied on 11-05 to trustee." And it kind of goes through there. It says, "While the loan was serviced by Citi, 5,162 were misapplied to this account and had to be refunded to Citi. Adjustment as completed to reverse payments made." Do you see that?

A I do.

Q And we're looking at -- this is the account history for Ms. May's account, and a note is put on her account showing what we did; is that right?

A That's right.

Q Okay. Now, later on -- so while we are here, when our individuals who were talking to Ms. May on the phone, they're looking at their computer screen.

Is it your understanding, from your investigation, that they didn't load these particular notes when they were looking at it?

A That was entered by customer service. So if they would have had their note search engine open to all communications from all departments, they would have saw it. If it was defaulting just for the collections notes, they would not have saw that note.

Q Okay. So depending upon how they loaded it, someone might have seen this note or might not have seen this note?

A That's correct.

Q Okay. And we're going to get to that in a second.

But for today, now at Nationstar, when they load it, this particular note would come up. They wouldn't have the option not to do it. You're going to -- that's the new way going forward for Nationstar?

A As of today, everyone has the training to do it. What's still left out on the table is that we're going to automate it. We are going to remove the obstacle that the system sorts notes. We're going to set it to a default. It populates all notations from all departments that can be read by all employees.

Q Okay. Now, I want to now ask you a couple of questions about Ms. May's involvement in this.

We know because we've heard and we've seen that, when Ms. May is notified through her statement that she owes what is effectively this money, she complains to Nationstar. Do you remember that?

A Yes.

MR. TILLOTSON: Okay. And, Mr. Delany, if you'll bring up for us Exhibit W and Tab 23.

Q (By Mr. Wallace) And this is the statement -- if you'll blow up the time frame there.

This would be the statement, 4-18, which would be for May 1st. And this would be approximately the first statement after we did our adjustment to her account on 3-27; is that right?

A That's correct. That's going to pick up transaction history prior to April 18th for 30 days. So that's going to -- that's going to capture the 3-27-2013 transactions.

MR. TILLOTSON: Okay. And, Keith, if you'll now bring up the amount due explanation right here. That's fine.

Q (By Mr. Tillotson) Here, the amounts that we were charging her for that we had debited now show up as past-due payments along with the original mistake of $2,097 and now giving her more than 8,000 in past due. Is that -- do I have that right?

A That's correct.

Q And you'll -- I mean, straight up, this is -- this is an error and should have never been charged her?

A That's absolutely correct.

Q Now, I didn't see -- and I think you've testified -- prior to Nationstar doing, this debiting her account, we did not send her a letter telling her what we were doing. Instead, she gets this in the mail. Is that accurate?

A She gets the statement in the mail. It's the only item that is giving her disclosure.

Q Okay. But in your review -- and you've talked about whether or not we told her and what we told her.

In your review of the collection notes and the other documents in this case, have you seen indication that someone at Nationstar discussed with Ms. May where some of these amounts due came from and told her at least in part about the CitiFinancial error?

A I did.

Q Okay. We're going to go back to Exhibit A, which is the collection notes. And I'm going to direct your attention to page 18.

MR. TILLOTSON: And, Keith, if you'll bring up for us the entry -- the third from the bottom, the big one there, which is 427. Okay.

Q (By Mr. Tillotson) Okay. So we saw a statement dated April 11th. We're now at April 27th. So it's about a month after we made this -- this error, and there's a note there. First, it's a CL note there.

That's a collection note?

A Just a moment. That's correct. That's a -- that's a collections communication.

Q And it says C. Destin.

Do you know who that is -- which individual that is?

A I don't know off the top of my head.

Q Now, we've heard some recordings -- and I'll get into that in a second.

But is every call at Nationstar we have recorded?

A No, it's not.

Q And so we have some recordings but not all of them depending on how the particular call was made?

A Yeah. There's a formula that you'd have to understand that -- why some calls are recorded and some calls are not.

Q Okay. So it says here in the note, "Talked to Ms. May. Ms. May called about foreclosure letter she received and that funds were misapplied to her account in an amount of 5,162.49 that were returned by Nationstar and were also reversed from borrower account, which is now in a delinquent amount and five payments behind." Do you see that?

A I do.

Q And, in your investigation, what does that tell you about that note? What's being talked about with Ms. May and our individual, C. Destin?

A That, to me, is the root cause of what's causing the arrearage that's showing up in the statement other than the $2,000 of nonrecoverable fees that are showing up on the billing statement.

Q Okay. And, by the way, when we debit her 5,162, it makes her -- at least in our books, she goes delinquent for five months.

You basically say, "All right. If I take 5,162 and I subtract it, it means you owe me five more months of payments," and that's why she's showing up five months delinquent?

A That's correct.

Q Okay. It's confusing, would you agree, because she -- people might think it's because you didn't make payments.

But the reality is we took off a big chunk that makes the payments; is that correct?

A That's correct.

Q Now, at least this particular individual at Nationstar, whoever they were, had seen or had access to the note that we saw that explained why the account erroneously -- why the account was being debited; is that fair?

A That's fair.

Q Now, I want to also bring to your attention Defendant's Exhibit M -- Defendant's Exhibit M, which is Tab 13. And this is one of the recordings that we heard that was played, but I want to direct your attention to a specific department -- a specific portion of it for you to see.

And I know you've had a chance to review this, so let me direct your attention on to page 4. And there at the bottom of page 4, Ms. May, she says -- and this -- just so we are oriented, this is from April 30th. So we looked at the note that was the 27th, April 27th, and now we're to April 30th.

And Ms. May says to us, "So this last time I called, I was told that CitiMortgage misapplied funds in 2008. They then sold the loan to you guys in 2010 and made you pay" -- if you'll go to the next page up at the top for us a little further -- "made you pay them back those misapplied funds. And that now -- that's what I'm being charged for, which you cannot do because I've made all payments." Do you see that?

A I do.

Q Okay. So, in your review, was there some indication that Nationstar on April 27th had told Ms. May what the problem was, why her account was being debited for this amount?

A Yes.

Q Because it's -- she's got it -- I mean, if the explanation there with CitiMortgage is pretty close to what actually happened, as erroneous as it is -- and she's telling us it's erroneous -- but somehow our individual was able to tell her what the particular issue was?

A That's correct.

Q Okay. And then one last one, which is -- I'm going to show you -- which is Plaintiff's Exhibit 13.

MR. TILLOTSON: Plaintiff's Exhibit 13. Blow up the middle paragraph for us.

Q (By Mr. Tillotson) This is an email from Ms. May to Caroline Agyeman. And she was, I believe, the first person we saw or heard on videotape.

I think you know her -- or you interviewed her as part of your investigation?

A Yes, I did. I interviewed her.

Q Okay. And she -- this email is sent on April 30th. And in this email, Ms. May tells Nationstar, "This past Saturday, I received a certified letter that is giving me a payment deadline of May 24th, at which point they will begin to take legal action that may result in foreclosure. So I contacted Nationstar again by phone and tried to explain I'm current on all payments.

"This time I was given yet another story where these charges came from. The Nationstar representative told me that CitiMortgage had misapplied payments in 2008, and when they sold the loan to Nationstar in 2010, they made Nationstar pay them for those misapplied payments.

"When I asked him how an accounting error that occurred between two companies was my responsibility since I had made all my payments to both companies, he referred me to the bankruptcy department which was unavailable." Do you see that?

A Yes.

Q So, in your investigation, is she referring to someone at Citi -- someone at Nationstar who told her why we were debiting her account?

A Yes.

Q Okay. Now, she's saying it's wrong, but she says in here that "I don't know why an accounting error that occurred between you and Citi" is her responsibility. And she's right.

In the future, if this happens in the way in which it happened here, will it ever be a borrower's responsibility based on the directives you've given?

A It would never be the borrower's responsibility.

Q Okay. Now, in connection with the phone call on April 30th -- if you'll go back to -- to Exhibit M for us, which is 13. I'm going to take you to page -- I don't know if you remember this call, and I know you listened to them for your investigation. You also sat here in the courtroom and listened to them.

But do you remember Ms. Agyeman telling Ms. May -- Ms. May explaining she doesn't owe this amount of money, we're wrong, and Ms. Agyeman puts her on hold and says, "I'm going to go talk to my manager."

And I have here, if you'll go to page 9 for us, the specific portion where Ms. Agyeman says, "I'm going to get" -- blow up the middle there, lines 9 through 14.

She says, "Thank you for holding. I have talked with my manager. She requested I send your information over to her and try and see if we can expedite it. But, you know, she doesn't work in the research department either, so there's no guarantee it will be done like tomorrow. But, you know, she will expedite it."

And do you remember Ms. Agyeman telling Ms. May, "I'm going to try and get my manager to expedite you a response"? Do you remember that?

A Yes.

Q I'm going to talk about what happened on the call, but first I want to return now to the collection notes and find out if what Ms. Agyeman said she was going to do, if, in fact, she did.

MR. TILLOTSON: So if we can go back to Exhibit A, which is the collection notes, and page 19. Back to Exhibit A, page 19.

MR. DELANY: I'm there.

MR. TILLOTSON: Oh, I'm sorry. Yes, you are. If you'll blow up for us starting with the third one in all the way through May 2nd. That's fine. Go ahead. Okay. So to -- we're going to start at the top there.

Q (By Mr. Tillotson) There's a conversation between Ms. May and Ms. Agyeman. We've heard the video. We've seen the transcript. She says, "I'm going to talk to a manager."

Is this the note entry reflecting what took place during that -- her entering in our system what took place during that call?

A Yes.

Q And she says, "Talked to Ms. May. Ms. May stated she is current. Ms. May stated she sends docs to research. Advised Ms. May research still working on account and will get my manager to try and expedite it." Do you see that?
A Yes.
Q Okay. Now, if you'll look down to the second May 2nd entry, so approximately three days later, it says, "Loan reviewed by manager. See comments."
Can you tell me what that means happened?
A R. Terry works in the bankruptcy area. You can tell by the BK where you normally see the CL or the C. In the far, far left, BK.
I know Ruth very personally. She's a management level employee there, and so she's reviewing it.
Q Now, just based on your review, did Ms. Agyeman attempt to expedite this with her manager and try and get this into the hands of someone who could help resolve Ms. May's issue?
A Yes.
Q And that took place within a couple of days?
A That's correct.
Q Now, I want to talk for a moment about the research, and there were some -- oh, I'll be honest with you, Mr. Loll. There were some kind of hard-to-understand discussions about the research department and not being able to call or access the research department.

Do you remember those discussions we told Ms. May?
A I do.
Q Okay. I want to address with you first -- and let's start at the beginning.
Is there a research department at Nationstar?
A There is.
Q How many people are in it?
A Over 100.
Q What do they do?
A They handle research items, complaint items, and qualified written requests. They're considered our customer relations group.
Q Do you use them from time to time?
A I do.
Q And what have been your results or your feedback from them? Do they do their job, as best you can tell, when you've used them?
A They do their job. They do it quickly. I have no issues with them. They do the best they can. I have not had any experiences with them with any work that they completed.
Q Now, explain to me, when an issue like this comes in, why is Ms. Agyeman telling Ms. May, "I don't have the number for research. No one can call research. You have to fax them, and only my manager can get in touch with them"?
What's the truth about the ability of Nationstar's people

to go to research and communicate with them? Explain how it works.

A You can communicate with them. They use a SharePoint site, the same as the one employee said. When they do the drop-down, they fill out a form on what the issues are, they put the comments. They also put a check, "Please update the system with the update when you've completed it."

You can also go right back into SharePoint and put "Please email me as you resolve. I have to get back to this customer. Email me with your updates." You can do that.

You can then go into SharePoint every day and see if anyone is working it --

Q Okay.

A -- and go from there. But if you want a direct phone call, your manager has the roster. The manager can call their VP, their AVP and ask for immediate information regarding the account.

Q All right. What about Ms. Agyeman? Why can't she do research?

She was asked a lot of questions by the Plaintiff's lawyers about, you know, "Why couldn't you figure this out? Why couldn't you do more to help?"

Why doesn't Nationstar let someone like Ms. Agyeman, while on the phone with her, go off and do research on her particular account? Why don't you work it that way?

A Unfortunately -- and I'm not trying to make excuses. But when you're servicing two and a half million customers, you develop departments and procedures to expedite situations on a scale basis. Ms. Agyeman is a single point of contact, and I don't want the Jury to think that means a single point of contact for everything.

Under the rules, under CFPB, consumer bureau protection board, a single point of contact is mandated by the servicer if the customer falls greater than 45 days delinquent on their mortgage. The single point of contact is fully trained and has expert knowledge as it relates to how you qualify for a modification from what investors, what repayment plans are available, what can we offer you for cash for keys if you need additional time to avoid foreclosure.

Their expertise is handling a defaulted customer that is facing a foreclosure action. They're not set up with the same skill sets as a researcher. They don't have the same skill sets as a bankruptcy processor. It's very complicated, but they are our experts when it comes to give counseling as it relates to when your mortgage is being faced in foreclosure.

Q Now, there was also some suggestion that perhaps the problem is people like Ms. Agyeman are having to make too many phone calls during the course of the day and don't have time to give to each account.

Did you hear those questions and those allegations?

A Yes, I did.

Q You've -- have you looked at this issue? Are you comfortable with the requirements or the guidelines set for people like Ms. Agyeman in terms of how much work and phone calls they are to do?

A I'm -- I'm not concerned with the work assignments. My concern with the employees were -- to be able to do your assignments, you have to know how to do your job very efficiently.

And the frustration was Agyeman had the ability to hit two keys and see those notes. She could have immediately diagnosed the root cause, sent an email to bankruptcy, and say that your transaction was never processed. That's why the customer I'm dealing with today is not up to date. It would have taken 30 seconds or less. She didn't know how to do that one function.

Q Have you addressed that first with her, Ms. Agyeman?

A I have.

Q How did you do that? What did you tell her, and when did that take place?

A When I was preparing myself for the depositions -- my role in the company is to understand our procedures and policies and to identify any weaknesses in our links that I have to adapt or change to if we have gaps.

As a corporation, you write your procedures -- and I wrote them. I was the person who wrote our procedures in 2006 and 2007. You write them with the best interest. You try to think of every scenario possible, but your policies and procedures change because of events that change. CFPB rulings changed. We had to change a lot of procedures.

This case alone, I had to change a lot of procedures. I had to take the knowledge that maybe some employees don't know how to access all the notes and address it in not only training supervisors but also ensure we have an electronic means that we're not exposed to that error ever again.

Q Okay. I want to ask you about that.

Are you familiar with now what's known as a Code 43 at Nationstar?

A Correct. Bankrupt --

Q Before we get to that, accounts get various codes on them from time to time?

A That's correct.

Q Like -- so, for example, we've heard, like, an account in litigation might have a particular code designating it's in litigation, and that would mean certain things about the account?

A That's correct. That would be Code 91.

Q Okay. Code 91.

Now, in this particular instance, we have Ms. Agyeman dealing with an account that used to be in bankruptcy and trying to deal with a bankruptcy issue that she may or may not have certain information or training on.

Have you at Nationstar implemented anything with respect to how you code accounts to address that issue as well?

A We have.

Q What is it you've done?

A Accounts that come out of bankruptcy -- complete their bankruptcy plans are coded with 43s. And a 43 lets our people know that, if they have any issues with that borrower, they get directed to a management-level employee in bankruptcy if it has anything to do with that situation that occurred in that window of bankruptcy.

It automatically routes. So we can route even those delinquent accounts to the management employees so, when they get a call with an employee, they're not getting a lower-level employee; they're getting the managers working those queues.

Q Today, for someone like Ms. May, if there was an issue that related to what happened in her bankruptcy or a payment, would her account be automatically, then, routed to a manage-level person in the bankruptcy department?

A If she had a conversation with an employee at Nationstar, it would be a bankruptcy manager at Nationstar.

Q Okay. Now I want to return to what is actually going on. So we have April 30th where Ms. Agyeman talks and says, "I'm going to expedite this and get to a manager." On May 2nd, a manager looks at it.

Do you know, between May 2nd and over the next couple of weeks, does the research and/or bankruptcy department look into the issue regarding Ms. May's account?

A They are.

Q Okay. We're going to return back to notes in a second, but I want to first have Mr. Delany bring up for us Plaintiff's Exhibit 119. 119. Okay.

This is some emails that you were shown -- if you'll just sort of blow up there -- with Ruth Terry and Kara Wise. So this is an internal email between these two individuals going back and forth, Ruth Terry and Kara Wise in mortgage. Are you familiar with those individuals, and have you seen this email exchange?

A I remember Ruth Terry, and I remember seeing K. Wise in the communication logs.

Q And do you remember there was testimony and discussion and phone calls from Ms. May saying that she had faxed in a bunch of information to us? Do you remember that?

A Yes.

Q And there was concern about whether or not research had ever gotten there, whether we were being passed on. Do you remember that?

A Yes.

Q I'm going to show you Plaintiff's Exhibit 19 and ask you:

Is this the fax -- one of the faxes from Ms. May she had sent to us and it being transmitted to research people at Nationstar to investigate and look at it?
A Yes.
Q Okay. So although we made a lot of mistakes, at least the documentation Ms. May was sending us and that we were telling her to send us got to the research department to look at?
A That's correct.
Q Okay. Now we're going to go back to Exhibit A. I'm going to ask you what happened in response to the research's review of this information.
MR. TILLOTSON: And if you'll take us back to the collection notes, Exhibit A page 20. And if you will blow up for us -- okay.
Q (By Mr. Tillotson) So if you'll tell us the date of the fax -- the emails internally that you just looked at. When is that taking place?
A May 2nd.
Q Okay. So we saw the call on April 30th, manager review of account on May 2nd, fax getting to research department at the same time period.
On May 15th, are we looking at the internal notes on Ms. May's account where the bankruptcy department and research has noted the error and makes an attempt to correct it?

A Yes.

MR. TILLOTSON: Okay. So if you'll highlight the first one that says "cash P. Muller," the second entry that says "BK." There you go. That's it.

Q (By Mr. Tillotson) And we saw Mr. Muller testify, but I want to look at the notes here.

Is this Mr. Muller's effort to reverse, if you will, the 5,162 that we mistakenly debited her account from?

A Yes.

Q Now, I know you say we don't know if Mr. Muller actually figured out it had been misapplied to Ms. Hoyt's account or just decided we want to credit this and not have to charge Ms. May for it, but there was at least an effort to fix it on May 15th?

A That's correct. I interviewed him.

Q Okay. And in connection with your interview, where was this money going to come from? I mean, how were we going to do this?

A We were going to pay for that. The way it's written, the bankruptcy department is using their own funds, not customer funds, not Jeanne Hoyt's funds, their own cost center funds, which means funds that are allocated for that department the same as they would be paying for an employee. They're being assessed that they're using own money to post this money to the account.

Q Do you see there on the left designation in the very far left-hand -- is BK.

So that's a bankruptcy note in the system?

A That's correct.

Q And Ms. Agyeman, depending upon how she loaded her system, may or may not have seen that note?

A That's correct. The bankruptcy notes are somewhat suppressed. They're easily accessible, but -- and I showed her how to do that, but she -- when she pulled her query list, she had exempted bankruptcy notations from her queue to be able to read the communications.

Q Which is something that doesn't happen today?

A Should not happen today. I'm going to automate it.

Q Okay. Now --

A Everyone's trained to do it, but I'm going to make it so they don't have the choice.

Q Okay. Now, it looks like Mr. Muller then puts in another note that says, "Review history with manager." And there was a reversal after the bankruptcy was discharged, "Requested adjustment to bring loan current." Do you see that?

A I did.

Q And if that had been done on May 15th, that would have taken care of the mistake that had been made?

A That's correct.

Q And just so we can put it in time period, this was debited -- the mistake was made on March 27th. Complaint's in April, sent to research at the end of April, and hopefully fixed by May 15th.

So maybe 45 days from when the mistake is made to when we think we can fix it; is that fair?

A That's correct.

Q But it is not fixed; is that right?

A Unfortunately, and extremely disappointing it was not fixed.

Q Okay. Now, when -- and I talked about this in opening and used some graphics, but tell us what the mistake Mr. Muller made -- he's got the right idea, credit it; and he's telling cash to credit it. What does he do wrong?

A Well, just so I can preface. Opposing counsel asked if employees were reprimanded. I reprimanded Mr. Muller in my office. I addressed it. He is our gatekeeper. He was the one that was either going to -- that was going to change events.

When he pressed that button, he did not ensure the money was posted to the account and he released the protection off the account by removing the bankruptcy protection. If he would have just left the bankruptcy protection and the account transaction wouldn't have happened, it would have came right back to him.

Basically, what he did was he said the action was completed and he released the protection code, which told the rest of servicing bankruptcy had completed the correction.

Q Okay. All right. So before he thought he fixed the mistake, there was a code for bankruptcy on the account such that it had certain protections on it?

A That's correct.

Q And then he says, "I'm going to fix it, debit the amount. And since I'm fixing it, I can remove the code"?

A That's correct.

Q And then the fix goes to the next group, which is the cash guys.

They're the ones that actually get the money out of their pocket -- or the company's pocket and pay it, right?

A Right.

Q But when they get it from him, the bankruptcy code is removed. So what does cash do?

A Cash rejects his request stating that he doesn't have the authority, because it's not in bankruptcy status, to make those judgments according to our procedures.

Q And then there is entered into the notes on the same day from a different person saying, "There is no bankruptcy code. Resubmit the request." Do you see that?

A Yes.

Q And it was rejected?

A Yes.

Q And then to -- to sort of rub it in, not only was the mistake made and rejected, but there is no communication from the individual who's rejecting it and Mr. Muller that it has, in fact, been rejected?
A That's correct.
Q And Mr. Muller doesn't follow up to find out if, in fact, it got done?
A That's correct.
Q And you interviewed him on that.
And tell us what your investigation showed as to why Mr. Muller thought it was okay for him to not follow up on this important issue.
A His response to me was he had never had a directive to cash that wasn't followed. And I challenged him, "Well, this was a great one to have slip through the cracks, to not follow up on." So I told him that, "In the future, there are zero exceptions. You have to make sure every one of these transactions gets posted." And I was angry.
Q Now, because the code is removed -- the bankruptcy protection code is removed but the account is not fixed, it goes back into the general population and we think in the computer system that Ms. May is still delinquent?
A That's correct. Caroline Agyeman, Nance, everyone's thinking it's done. Now it should be in their queues.
Q Now, thank you for the explanation about what happened.

I want to ask you now what steps Nationstar has taken with respect to this kind of issue to ensure the right hand saying, "I want to fix an account," the left hand saying, "I'm going to pay for the fix" and it doesn't happen that they don't miscommunicate like this in the future.

What steps have you taken, having seen the root cause here, to ensure that problem doesn't happen again?

A Well, fortunately for Nationstar, before -- shortly after this case -- and I don't believe this case necessarily drove this action, but Nationstar put into place that to do a transaction like Muller was trying to do requires a write-up from the department, which Muller could do, but it routes to the vice president of the department. The vice president approves it to cash. Vice presidents have a lot more power. Cash is very unlikely ever going to reject a vice president's directive irregardless of what status it's in.

However, if cash ever rejects it, it comes right back to the approver in an email saying that we rejected this. And then it goes to your supervisor if you don't void it or get the supervisor to approve it. So there's the checks and balances the whole way through the transaction. It's instantaneously. You send that, and if they don't do it right away, it comes back as a reject.

But we do have the safeguards now. The approvers are the accountable persons, and we have the safeguards that if an event doesn't happen, it's an immediate response back to the individual that requested the item be taken care of.

Q Now, because we didn't have -- or didn't catch this mistake -- and this is mid May. We've seen some of the activities that take place on the account in June, July, and August where Ms. May is -- has to endure more calls with us calling her.

And one of the things that came up a lot and there was a lot of talk about and I want to ask you a few questions was our calling of Ms. May and saying, "Would you like to do a modification?" I think you've explained what a loan modification is.

But why do we call her and say, "Do you want to do your modification? Why aren't you in modification?" even when she keeps telling us "I don't want to do it"?

What is it about the Nationstar practice that says we continue to call her and ask her for modifications? Why are we doing that?

A Because her investor is Fannie Mae, and Fannie Mae does an analysis on parts of their portfolio that states we have certain customers who have a history of paying with us and they may be past due. And Ms. May had a history of paying with us. They do an analysis on the property value, and they recognize that she at one time had been in bankruptcy but she had reinstated and completed that.

So from Fannie Mae perspective, you have a borrower who has good performance, maybe not to the level that she's current from our records, but she's performing strong enough that they make a commitment that we will approve her on a modification regardless.

So what's generally done is, since a customer gets a guaranteed approval -- a guaranteed approval generally means you get a lower interest rate on your loan; you get lower payments; and at times, even on Ms. May, even though it had the erroneous error of adding $5,600 too much, it still had $20,000 of her balance deferred as no interest.

So it basically shrunk -- even with the 5,600, it shrunk her balance down, reduced the interest rate to 2 percent. So she was only paying interest on a small amount of money.

I wouldn't have signed it if I was her either, but the mindset is this product is going to people who desperately need this product. It's the difference between keeping their houses and losing their houses. And it's something that we get rated on. It's a good thing. It was a tough situation to see that happen to Ms. May on a current customer.

Q Okay. I'm going to ask you if you'll look at exhibits -- actually, I think we've talked -- on the modifications, though, when she says, "No, I don't want to do a modification, "what does that tell us internally in terms of what we then have to do as the next steps? When a borrower says, "I'm not doing a modification" and we think they're five or six months behind, what's the next step in the process?

A When she's going through a modification process, there's a protective code on her loan that stops foreclosure activity. When she says, "I don't want the modification," that removes this protection code. It then begins accelerating the foreclosure action.

Q Okay. Wrongfully so, but because she's rejected the modification in our system, we have to go to the next step?

A That's correct.

Q Now, there was some discussion about putting her in a trial plan. Do you remember that?

A She was automatically put in the trial plan by Fannie Mae's protocols.

MR. TILLOTSON: All right. If you'll bring up for us Plaintiff's 120. Plaintiff's 120.

Q (By Mr. Tillotson) And I'll approach and give you a hard copy of it.

Is this a letter we sent her saying, "You're in the trial plan"?

A That's correct. It's preapproved.

Q Okay. So it's preapproved.

And the idea is that this letter should be going to individuals who are truly behind and in danger of losing their home because they're not making payments?

A Repeat that question.

Q It's -- the ideas is this letter should be going only to people who are actually dangerously behind in their mortgage and are in danger of losing their home?

A Yes, that's who the letter is intended to.

Q The goal is to help them so they don't lose their home but enter into a trial plan and a modification of their loan at better terms to help them make payments. Is that the idea?

A Yeah. And this would have reduced their payment by $300-some dollars.

Q Okay. It's obviously inappropriate to send to someone who's current with the idea behind this we're sending it to people because we think they need it?

A Absolutely.

Q All right. Now, I want to ask you, during this time period, we issue and send her what are called suspense letters and then later either reject or don't credit and take her payments.

Why are we doing that during this time period?

A Because when the money is being accounted for, it's being recognized as trial payments. Until you actually book the modification, there's really not a lot of harm to the borrower except for credit reporting. Because the funds that they would be submitting, instead of being posted directly to their account at that time, they're held in a temporary suspense.

So they're identified as performance payments before they're posted to the account.

Q Okay. Now, we saw earlier from some testimony that one of our people on the phone kept entering into the collection notes that Ms. May was going to be filing for bankruptcy. Do you remember that testimony?

A I remember.

Q Okay. Was that an error, as best you can tell?

A That was an error.

Q Let me ask you, though: Although it was an error, did it have any affect on her account, like negative credit rating or charge her any fees or do anything to her?

A It had no effect on her account. It did have the possibility that it could have delayed a foreclosure because she notates the account "the customer is going to be filing bankruptcy," which could notify foreclosure to stop.

Q Okay. Now, the trial plan, which you say automatically qualifies, if she's making payments, are we in effect treating them as if she's in the trial plan?

A We are.

Q Okay. And why are we doing that?

A Because it's a protocol under Fannie Mae. She qualified for streamline as a preselected based on a performance qualifier. The only time it's not a mod is when you get the loan modifications and you don't sign them and you reject them. And, in this case, they were rejected.

Q Okay. Now I want to turn to a couple of things you were asked about yesterday.

You were shown some letters from Ms. May that she sent to Nationstar in the fall of 2013. Do you remember those? And you were asked about our responses yesterday.

A Yes.

Q Okay. I'm going to first show you the -- the one that you looked at and were given a copy of, but I'm going to show the one that starts it.

MR. TILLOTSON: If you'll bring up for us UU, which is Tab 47, the letter UU. And if you'll just sort of blow up the first part through the first paragraph here, Keith.

Q (By Mr. Tillotson) This is a letter Ms. May is sending on August 21st to us. And she is saying, "To whom it may concern: Please treat this letter as a qualified written request under the Federal Servicer Act, which is made part of the Real Estate Settlement Procedures Act." Do you see that?

A I do.

Q Now, in Nationstar's terms, qualified written request has a meaning, does it not?

A Yes, it does.

Q Okay. And Nationstar endeavors to answer any qualified written request it receives from a borrower?

A Yes. You have time requirements to answer a qualified

written request.
Q Okay. And there are certain requirements as to what makes it a qualified written request?
A That's correct.
Q Okay. Now I want to address -- so that's -- she sends it to us. I want to address and show you our response, which is Exhibit VV, which would be 48. And you were given a hard copy up there, but I'll bring you another copy if you need it.
This was the September 3rd response, and I'm going to hand it to you so you have the full package and you don't have to wait for us to scroll through.
You remembered seeing this as our response, and you were asked: Did this response properly respond to Ms. May's request? Do you remember that?
A Yes. And I said no because I didn't see the pay records that included through 2012.
Q Okay. First, let's --
MR. TILLOTSON: If you'll blow up the bottom part, the bullet point payment history and all the way through.
Q (By Mr. Tillotson) We didn't really see the letter yesterday, but here's the text of the letter that we're telling her.
We say to her, "We're including your payment history. The payment history reflects a complete payment history for the period of September 1st, 2010, through the date of this

letter," which was September 3rd, 2013. "The payment history reflects when payments were received how payments were applied to the loan, any disbursements made from the loan, a description for each transaction with the running balances of the unpaid principal and escrow accounts, the dates fees and charges were assessed, if any, the amount paid toward fees, any waivers or reversals of fees." Do you see that?

A I do.

Q And is that information -- can you discern that -- find that out from looking at a payment history of someone's loan?

A Yes. What you showed me includes all the documents, and I apologize if I misspoke earlier. I didn't see the bottom payment histories that --

Q Okay. We're going to get to that. I'll give you a chance to tell the Jury about that.

But when she asks us, "Tell me how I'm delinquent and how I owe this money," in our mind, by giving her the payment history and all of this, are we saying, "Here's what we've done on your account"?

A Yes. It's the account ledger of your account that would show when you're current to delinquent and each month, if you made your payment, how it was applied to and what you were contractually due for next.

Q Okay. Now, to be fair, because we need to be accountable for ourselves here, we didn't put in this letter, "Ms. May, here's why you're delinquent, because we debited your account 5,162. We then did this, this, and this. You need to understand it was because of the Citi thing; therefore, you owe us X."

We didn't put that in the letter; we just put the payment history in it?

A That's correct.

Q And later on, so we maybe save some time, when Ms. May's lawyer, Mr. Healey, writes us at the end of this year and says, "How can you possibly be trying to collect on her? She's current," we take the same payment history and send it to her lawyer, Mr. Healey.

A That's correct.

Q Do you remember that? So that's what we're telling everyone.

Now, in the payment history, if you'll turn to page 38 of this document -- I put a little tab there for you so we can get to it quickly.

Are we looking at the payment history for the loan? Is this the actual document that was included that we sent to Ms. May?

A Yes.

Q Okay. And it's computer -- it's a printout. So, you know -- but is that the payment history that we're talking about in the letter?

A It is.

Q Okay. If you'll turn to the next page for us, and it's in date order on transactions; is that right?

A That's correct.

MR. TILLOTSON: Okay. If we'll go to page -- it will be page 39, and we're on it. Now, if you'll go down midway to the entry on 3-31 of her payment history and kind of blow up around that area for us, Keith. There we go.

Q (By Mr. Tillotson) Is that the entry for debiting her 5,162?

A It is.

Q And so in the payment history showing what debits we've made and credits we've made, it includes that we -- and there's a minus sign after it -- that we took 5,162 off of her account?

A That's correct.

Q Now, again, to be fair, we don't explain why or what; but that's a payment entry in there?

A That's correct.

Q And then that's what we send to her lawyer when he asks us for the same thing?

A That's correct.

Q And if someone is looking at the payment history, talking to someone on the phone and how they're doing it and look at the top as to what's owed -- and it does it all the way --

it'll tell you that she owes a certain amount of money in part based upon this debit?

A That's correct.

Q And so when people said, as we saw on the phone calls, "My payment thing showed that's what she owed," that's what they're talking about?

A That's correct.

Q Okay. Now, when -- when it goes to foreclosure and the lawyers get involved, does Nationstar retain a lawyer to do the foreclosure?

A We do.

Q And we saw that individual in his letters -- without getting into too much detail, a foreclosure lawyer is approved by Fannie Mae to -- and you guys hire and pay to go do a foreclosure if necessary?

A That's correct.

Q And that's separate from -- if you -- there's a lawsuit from it and you have lawyers defend you? Those are two different areas, dealt with differently?

A That's correct.

Q Okay. And then does Nationstar rely on the lawyer to handle the foreclosure, if you will, as the lawyer doing that?

A He's the professional. He's got the license. Yes, we rely entirely on his legal expertise.

Q And he post -- I mean, he issued the trustee's notice and her home was -- let's agree up front it was posted for foreclosure, and the notice ran in the newspaper for a certain period of time that we've stipulated that happened and that should never have happened?

A That's correct.

Q All right. Once a lawsuit was filed, then, in February 2014, then the foreclosure was stopped; is that right?

A That's correct.

Q So we said we're not going to foreclose on the home.

Did -- after that point in time, February 2014 when we filed the lawsuit up until today, did Nationstar ever restart, recommence foreclosure proceedings against Ms. May?

A We did not.

Q Did we ever threaten her with foreclosure once the lawsuit had been filed up until today?

A We did not.

Q We did for a period of time in January and threatened it before -- not threatened but told her we might have to foreclose.

But once the lawsuit was filed, did we ever do that again, to your knowledge?

A We did not.

Q Now, in connection with the lawsuit -- I think you mentioned this -- but did we code her account then as "in litigation" with a Code 91, which would mean we wouldn't send her statements?

A 91 has -- suppresses any kind of legal -- we would never initiate a foreclosure with a Code 91. 91 does suppress statements. It doesn't permanently suppress statements. You can activate your statement while you are in Code 91 as long as there's no information on the statement that would have bearing on the litigation itself.

Q Okay. And once a matter goes to litigation, is it Nationstar's practice that it's really the lawyers that go back and forth in the case to -- to handle it, that you -- we've seen in some of the notes telling Ms. May, "Your case is" -- you know, "You're in litigation. We're going to talk to your lawyer or go through that." Do you remember that in general?

A Yes.

Q Okay. But during that process, during the lawsuit ongoing, we do receive some additional qualified -- what are described as qualified written requests from Ms. May while the case is going on; is that right? Do you remember that?

A That's correct.

Q And then in connection with those, as we've seen in the letters we showed in the beginning, Nationstar begins to make corrective action to the account in 2014?

A That's correct.

Q All right. Now, having gone through this and -- how much time do you think you've spent on this matter trying to investigate and figure out what's happening?

A Probably 300 hours.

Q And having identified the various issues and the mistakes, have you done your level best to try and figure out what actually happened and how to fix it in the future and for Ms. May?

A Yes. I -- I would never want to have my mother or my sister in her shoes being serviced by Nationstar going forward.

Q As the representative of Nationstar, I want to ask you a math question about her account.

MR. TILLOTSON: And I want to ask Mr. Delany if you'll bring up Plaintiff's Exhibit 5.

Q (By Mr. Tillotson) It was shown by the Plaintiffs. And I'm going to approach you so you can see what it is, and I'm going to ask for it back.

But is this a payoff -- an account payment history we sent Ms. May right before -- if you'll sort of blow it up so we can see -- is this the payment history we sent Ms. May right before we started, for lack of a better word, screwing up her account?

A Yes.

Q Okay. I'm going to take it back from you for just one second, if I could.

MR. TILLOTSON: And I'll ask Mr. Delany if he'll bring up the next page so we can see.

Q (By Mr. Tillotson) And those reflect Ms. May asked for a payment history -- and if you'll go to the next page -- right as she got out of bankruptcy, and we gave it to her. Here's the payments that have happened on your account prior to -- once she's coming out of bankruptcy.

MR. TILLOTSON: And if you'll blow up just sort of the top part so we can see numbers. A little further down, if you would.

Q (By Mr. Tillotson) I want to ask you: If before we started to make mistakes on her account and sent this thing into all the problems it had, what's the amount that Ms. May owed on the house, the mortgage amount?

And you can round it up to take into account any uncertainties, but if -- if, in fact -- we want to know, before we screwed up her account, how much did she owe? What's that amount?

A 92,664.75.

Q Okay. All right. And have I written it correctly on here the amount that you're saying she has?

A That's correct.

Q Okay. Take a look at me over here, Mr. Loll. Make sure -- I've written it on this exhibit.

A That's correct.
Q Okay. Which I'm now marking as Defendant's KKKKK.
So if we wanted to say to Ms. May, "Before we screwed up your house, before we screwed up your account and made all these mistakes, this is the amount it would take to have cleared off your mortgage," are you comfortable that this is that amount?
A That's correct.
Q Okay. Last --
MR. TILLOTSON: And, Your Honor, I would offer KKKKK at this time, and I'll give them a copy.
THE COURT: Any objection?
MR. HUMPHREYS: No objection.
THE COURT: So admitted.
MR. TILLOTSON: Thank you.
THE COURT: I think that's the only exhibit I've ruled on since this trial started.
MR. TILLOTSON: I'm one and 0.
THE COURT: Yeah, you're a winner.
MR. TILLOTSON: Yeah, since I got to KKKKK.
Q (By Mr. Tillotson) Last, I want to turn to sort of the last issue and a little bit more serious. You understand that Nationstar is being asked and is on trial here in its practices and its procedures.
And as best you can, have you explained what you

thought happened?
A I have.
Q You've mentioned you're not proud of it and you're embarrassed by it.
Has this been a humbling experience for you?
A Extremely humbling experience for me because I'm the face of the company in these proceedings.
Q Now, it's nowhere near what the Plaintiff -- the experience we put her through.
I want to make sure the Jury understands that we take this, that you take this, and that management takes this as serious as can be taken because it was a big mistake.
Are you and have you done that through the right channels of management at Nationstar?
A I have.
Q And having seen all the mistakes, how your people responded, what they did, their shortcomings, anything else, is there anything now at the end, now that we've tried to explain -- not excuse, but explain -- the best way we can, is there anything that you, on behalf of Nationstar, would like to say to Ms. May?
A I just have the most sincere apology to you. I'm only one person. But my role too is, every new hire that we have, I'm going to spend giving classes to let them know when they have problems that they don't understand, they get their VP,

their managers on the phone. You should have been talking to a much higher-level employee. You kept great composure, and it was heartbreaking to hear your frustration on the phone.
Q And, Mr. Loll, have you taken steps to ensure that, as best as it can be, you or anyone from Nationstar won't be sitting in a federal courthouse having to apologize and explain away their actions?
A Excuse me?
Q Have you, on behalf of Nationstar, done the best you can going forward, taking steps and procedures and changes, to ensure that never again will a Nationstar executive have to sit in a federal courthouse and give apologies and explanations for what happened?
A That's correct.
MR. TILLOTSON: Thank you. Your Honor, pass the witness.
Thank you, Mr. Loll.
THE COURT: Cross-examine.
MR. HUMPHREYS: May we approach, Your Honor.
THE COURT: Sure.
(A bench conference was held on the record and outside of the hearing of the Jury as follows:)
MR. HUMPHREYS: Your Honor, I'd like to get into an issue. I want to get clarity on one of your rulings on a motion in limine. This highlights and so forth that's been

talked about in Plaintiff 215, the SEC 10-K, all the good stuff, the fluff. It also has reference to other matters that are not quite as pleasant, including -- pardon me for the fumbling here -- a reference to risk factors.

"We are subject to numerous legal proceedings, federal, state, and local examinations, investigations, or enforcement actions." Blah, blah, blah. "We are routinely and currently involved in a significant number of legal proceedings concerning the matters that arise in the course of our business."

THE COURT: Read slower.

MR. HUMPHREYS: "We are routinely and currently involved in a significant number of legal proceedings concerning matters that arise in the course of our business. No assurance that these proceedings will not increase in the future under the actions under the Fair Debt Collection Practices Act, Fair Credit Reporting Act, Real Estate Settlement Procedures Act."

THE COURT: I'm not sure what this has to do with anything that we -- I'm not sure why this would come in.

MR. TILLOTSON: It's your typical risk factor that they -- there's 50 of them.

THE COURT: If you're objecting to it --

MR. TILLOTSON: I object to it, Your Honor.

THE COURT: -- I'll sustain the objection.

MR. HUMPHREYS: Yes, Your Honor. I wanted to get clarity to see if that was outside of -- within your ruling.

THE COURT: The Defendant is objecting, and I'm sustaining the objection. That information stays out.

MR. TILLOTSON: Thank you, Your Honor.

(The following proceedings were held within the hearing of the Jury.)

REDIRECT EXAMINATION

BY MR. HUMPHREYS:

Q Mr. Loll, sitting back here and listening to the conversation between you and your lawyer, it sounds like you guys think you did a pretty good job on this one. Is that how you feel?

A Absolutely not.

Q Okay. We saw some exhibits of recordings that you -- that your lawyer just showed you and a conversation transcript with Ms. May and also your internal records that management was involved in this -- well, let me break this down into two questions.

The first one is that people at Nationstar knew what the issue was in 2013, well before this ever got into default and foreclosure proceedings, that this was an issue with Citi? This wasn't unknown at Nationstar at that time, right?

A What -- can you tell me what particular -- are you talking about the email exchange?

Q No. I'm speaking of the part of the collection history that was pulled up that said that the representative was telling -- was speaking to Ms. May about the Citi -- did you see that?

I mean, I don't have it on the screen, but do you remember that 30 minutes ago?

A I remember, if I'm on the same page with you, when Paul Muller knew about the changes it needed, I would recognize that he's a management employee; and, therefore, Nationstar was aware of it in March of 2013, as a management person on their team was aware of it.

Q Well, there was a note in the -- in the collection screens, Exhibit 2, right, that your lawyer pulled up that said that there was a management review and they were aware of the issue. Do you recall that?

A I just want to make sure that I'm on the same date with you. Are you talking the management review prior to Paul Muller's adjustments?

Q The one that your lawyer showed on the screen to everybody that we all saw here. I mean, this was a known issue.

Let me just ask you this: Can you agree with me that this was a known issue at Citi, including by management -- at Nationstar that this was a known issue in -- in the -- in early -- into the early summer of 2013?

A It was a known issue. It was a known issue when Paul Muller had to do adjustments to correct it.
Q Okay.
A He was a management-level employee.
Q And somebody even explained to Ms. May that Citi -- they'd taken the money back and given it to Citi? That was known because the reps were telling that to Ms. May, and she was telling it back to the other rep -- Ms. May was repeating it to other reps that she'd been told that?
A That's true. There was a communication log where both parties seemed to identify the root cause.
Q Yeah. So -- and this was back in April/May of 2013?
A That's correct.
Q Right. And nobody took any steps to follow up and fix this problem that was a known issue, right?
A There were steps made by Lori Harp in the email. I'd have to look at the actual date that that was done, but I think it was done at a later time. You're right.
Q If that was in April of -- April 30th of 2014, according to your own statement under oath --
A No. You're right. It was in management's hands early. It should not have been set aside. It should have been on our radar every day.
Q Okay. It was known; it was very much a known issue.
A Management was aware.

Q You didn't have to get sued to figure this thing out, did you? You could have -- you knew it beforehand?
A Correct.
Q And the reason why this thing took so long to fix is because nobody wanted to take the hit on their budget, nobody wanted to accept the book loss; isn't that right?
A That's absolutely incorrect.
Q Well, do you have a better explanation as to what took -- why my client had to file a lawsuit and why you didn't get it fixed until months after the suit was filed?
A Because people thought that it was fixed. Muller, under testimony, thought he had fixed it when he removed the bankruptcy code. He thought he had put the problem behind him.
Q And he didn't have any authority to fix the problem; he just reported it to cash, right?
A No, he had the authority. That was part of his job was to do the final close-out audits. That's why I reprimanded him so severely. I was extremely upset with him that he didn't do the follow-up.
Under his testimony, he said he was empowered to do that transaction.
Q Okay. Now, he didn't even report to you, did he?
A It doesn't matter.
Q Can you answer my question?

A He reports to me through our procedures.
Q He doesn't answer -- he doesn't report to you?
A He answers to me when he makes errors that cause litigation.
Q Okay. Did you give testimony previously that he didn't -- he doesn't report to me?
A He does not report to me from an organizational chart perspective, but he reports to me with his actions in a litigation matter. I hold him accountable to what he should have done, what he should have followed up. And I -- he has to answer to me on that.
Q You are in a support role, right?
A Operations support.
Q Yeah.
A My support area is -- helps through the legal department I support, but my direct support is to the head of operations to improve Nationstar's processes and procedures where we see gaps or holes.
Q You're not in a business unit, are you? You're not in a business unit --
A Yes, I am.
Q -- operating unit?
A Yes, I am.
Q Okay. It's not support?
A I work through into servicing operations as a management

employee to servicing.

Q All right. All right. So we looked earlier at this, Plaintiff 215, the SEC Form 10-K that Nationstar filed for the annual statement for the year 2014 that was discussed with your attorney. Do you remember him talking about the parts where Nationstar was bragging about some -- some things it had done right?

A Yes. I mean, if you could give me the exhibit so I can follow along with what you're directing at. I'm familiar with what we talked about in my testimony.

Q Okay. All right. And does Nationstar have a PR department, public relations?

A We have a customer relations, the group that is part of our corporate image.

Q Okay. Well, these corporate image folks, do they have some role in putting together this statement?

A I don't put the statement together. That's not my role. I'm in operations. This is finance and reporting. That's not my role.

Q Understood. Do you know if your public relations or image, I should say, folks have a role in putting together this statement for the public?

A My belief is every employee is part of our public image. Everything that we do reflects on our public image.

Q Okay. Do you see a disconnect, though, between what you're saying here up on this witness stand and -- and -- although -- let me strike that. This -- what you're saying about the company is consistent with what we're reading in the 10-K here in terms of your -- the way the company intends to do business, right?

A Yes. I think it discusses the way we want to do business because -- at a high level.

Q All right. Okay. Do you see a disconnect, though, between what you say you do and what really is happening from the testimony we saw here, what is actually happening from the recordings and the witnesses who -- who actually spoke to my client before she had to file a lawsuit?

A No. I recognize, when you read those objectives, Ms. May did not experience any of those objectives that we say we're proud of. She was an exception. That's not the -- she's not the majority. She's not what we want to happen to other customers.

MR. HUMPHREYS: Okay. All right. May we approach, Your Honor?

THE COURT: Yeah.

(A bench conference was held on the record and outside of the hearing of the Jury as follows:)

MR. HUMPHREYS: It's our view, Your Honor, the door has been opened that Prostredny -- I apologize for the name -- but our 404(b) witness ought to be permitted to testify.

MR. TILLOTSON: I strongly disagree. I don't think it came anywhere near what you told us not to do. The witness was under cross-examination. They can't really themselves open the door and him trying to argue with him over a cross-examination question and say, "Aha." The lawyers opened the door.

THE COURT: The difference is your witness, who was instructed to keep his mouth shut about this sort of an issue, said that she's the exception to the rule. That, to me, tells me that nobody else is out there. That's -- unfortunately, he said she's the exception to the rule.

MR. TILLOTSON: But they opened the door.

THE COURT: They didn't open the door.

MR. TILLOTSON: They asked him a question about --

THE COURT: No.

MR. TILLOTSON: -- does he not see this as a disconnect between their statements here or not, and he said, "No, I don't." He says, "We try and do well. She was the exception to that."

THE COURT: Well, look, here's what I'll let you do. I'll let you ask this witness, "Do you mean to tell me" -- I'm paraphrasing a question -- "that you've treated no one else like you've treated this witness -- this -- this" -- I'm sorry -- "this Plaintiff in this lawsuit?"

If he says, "No, I'm not saying that," we're fine.

If he says -- if he says, "No, I've never treated anybody else like that," he opens the door.

MR. TILLOTSON: But --

THE COURT: Wait a minute. He opened the door.

MR. TILLOTSON: Your Honor, I'm just --

THE COURT: Look. Hold on. I don't want this trial to last five more damn minutes. But, you know, this guy has been wearing me out since the moment he got on the witness stand. He's -- he's -- he's -- you know, he's smarter than the average, you know, bear, and he just stuck his foot right in it. He shouldn't have said this is an exception. He could have said, "No, we don't really" -- he could have said a thousand different things. He said, "This is an exception; she's the exception to the rule."

I see no intent on the Defendant -- on the Plaintiff's part, Plaintiff's attorney's part of trying to open up some door by the back door, so to speak. This was -- I think it was a straightforward question, "You see there's a disconnect?" He could have simply said, "Yes, we made a mistake." You know, he didn't need to expand it by saying she was the exception.

MR. TILLOTSON: I don't think --

THE COURT: So your client -- your witness -- if you want to take him off the witness stand for a second, we'll take a break. No. We're going to take a break because I'm telling you I don't want this to go any further, but he had better damn tell -- when the question is asked, you put your question in a very specific form, which you're not really good at, quite frankly. Your questions are all over the damn place. So put a very specific question at him. "Do you mean to tell me this has never happened since" -- we're talking about since then, right? When is this?

MR. HUMPHREYS: Yeah.

THE COURT: It happened after this?

MR. HUMPHREYS: It happened after.

THE COURT: "This has never happened after?" And he better say, "No, it did happen."

And that's as far as we'll go. That's where we are. Done. I couldn't have been more clear on the motion in limine on this.

MR. HUMPHREYS: I object to them having a consultation.

THE COURT: Here's what I'm going to tell him to do. I, quite frankly, want him to school his client to answer the question properly. You guys have -- I'm just -- I'm about done with this case --

MR. HUMPHREYS: Yes, Your Honor.

THE COURT: -- based on the -- based on the ridiculous amount of time I think both sides are wasting on this thing. I mean, I'm sitting back there -- unrelated to this, I'm sitting back there still ruling on whether or not this doctor's -- the treating physician's testimony is admissible. And I read through that stuff, and I could not believe you guys are still objecting to it. I don't get this.

So we're taking a short break.

MR. HUMPHREYS: Yes, sir.

THE COURT: You talk to your guy. You put that question real specific and finish your damn cross-examination.

MR. HUMPHREYS: I will.

(The following proceedings were held within the hearing of the Jury.)

THE COURT: All right. Ladies and gentlemen, we're going to take a break for about 15 minutes or so. You're instructed not to discuss the case. Don't form or express any opinion about the case. Don't let anyone talk to you about the case in your presence. Thank you.

(Court recessed from 2:42 p.m. until 3:01 p.m.)

(The following proceedings were held within the hearing and presence of the Jury.)

THE COURT: Okay. Mr. Loll, you may take the stand again.

You may proceed.

Q (By Mr. Humphreys) You just testified that what Nationstar did to Ms. May was the exception. Are you saying Nationstar hasn't made errors or mistakes to other borrowers?

A Yes, Nationstar has made errors with other borrowers.
Q You testified that you spent 300 hours yourself looking at Mrs. May's accounts and records, right?
A Yes, sir.
Q Do you have any sense of how much time this lady has had to spend dealing with your mistakes?
A I can only imagine how many hours that she would have done to try to bring it to our attention.
Q Okay. And we looked at an exhibit. I believe it was IIII that, I believe, was -- did you create that last night, the last monthly statement?
A I personally didn't create it. I requested it to be produced from Dallas and had it electronically sent to me. I did review the account before I came here, and that's what was reflected. But I wanted to be able to show the Court that the data, as of today, even -- I didn't alter the data, but it was showing correct.
Q Okay. But there's a policy, it sounds like, at Nationstar to suppress sending monthly statements to people that sue Nationstar; is that right?
A Generally, we suppress them. But if you get through the litigation portion that -- the statement then has no effect on the -- what's on the table. Like, you've resolved the dispute as it regards to the interest rate, the amount, the payment, and the escrow. Then it is permissible to begin sending the

statements out again as long as it's not part of the litigation itself.

Q Okay. And is there a reason why you want to keep customers -- I don't want to say in the dark; that's argumentative -- but, you know, to avoid giving that information? Why would they not have the right to that information, I guess?

A Because if they're disputing their balance or they're disputing it's that property or if they're disputing that it's fraud on the origination side, you want -- if they have disputes as it relates to the accounting of the loan at this very moment, you don't want to send that wrongful information back out to -- to them while they're litigating the challenges of what may be on that statement.

But, in this case, I believe the statement would be satisfied for Mrs. May -- her review, and she would be satisfied as it relates to only the status as it is right now.

Q Okay. So also yesterday did I hear you say that you accessed my client's credit file -- her credit report?

A No. Alls I can do is I can see the data that was transmitted. I can't pull a credit file for your client. I can only see what information we transferred to the credit reporting agencies.

Q Okay. This root-cause analysis you spoke with your lawyer about -- that was done a few weeks before you were first deposed in this case, right? Just like this year, in May of this year?

A I don't recall the exact date that it was done. But, by me personally, I did the root cause before my deposition. You're correct.

Q Okay. The -- and that was in 2015?

A I don't recall the date of the deposition, but I would entrust that that's the date, if it was, and that's the date I did it.

Q I mean, I'm looking at it right here, Thursday, May 7th, 2015.

A Yes, sir.

Q Do you want to see it?

A No. I mean, I -- I remember I told you I always do an in-depth look at all the situation regarding the accounts. I do the best job I can. In your deposition.

Q Okay. Does Nationstar have a committee to approve policy and procedure changes?

A Can you be more specific?

Q Yeah. Is there a risk mitigation committee at Nationstar?

A Yes, there is a risk --

Q Are you on that committee?

A No. I'm part of -- well, I'll wait for your questions because it's more complicated than how you're asking it.

Q All right. Well, is there a procedure at Nationstar to approve procedures, or do you just get to make them up on an ad hoc basis?

A Yes, there's a thorough procedure before a procedure goes published.

Q Okay. These things you say you're going to change here, those haven't been submitted to the committee for their approval, have they?

A Which ones?

Q The things you were talking about just recently coming up with the idea that needed to be changed.

A The only idea that I have not been able to finally implement was the removing of all the default codes so that every employee can read all comments.

I implemented immediately in the electronic versions of approving transactions that affect accounts have to be done by a management level or officer level. That was already done before this case, but it would have certainly helped our case if it would have been implemented before this -- before March of 2013.

Q So these procedures that have to be approved by the committee, have they been -- that you've talked throughout this week about, have those all been approved?

A Which --

Q Whichever ones.

A The only procedure that I said has not been finalized was the procedure to remove the default codes.

THE COURT: So let me stop this. So the rest have been approved by the committee?

THE WITNESS: Yes.

THE COURT: Okay. Move on.

Q (By Mr. Humphreys) Okay. And so have training protocols been developed for those procedures?

A There's training being done, yes.

Q Okay.

A You have a difference between policies and procedures. That's a procedure.

Q Yeah. Is there -- do you do training on your new procedures?

A I do training on procedures. Policies have to be approved by legal.

Q All right. And would you be kind enough to share with this Jury right now these procedures you say are in writing that everyone is being trained on? Do you have them with you, because I haven't seen them?

A No. I said -- excuse me. The procedures on how everyone is trained on knowing how to read the accounts?

Q Whatever procedures you say you've changed. You said all but one of them have been -- have been adopted by the committee, and I'd like to see them. Do you have them?

A I apologize. Policies are approved by the committee. Those have legal ramifications. Procedures are your day-to-day operations. We put together a job aid that was sent to everyone so they could -- they were able to read bankruptcy notes, customer service notes, and research notes. Everyone had a reminder communication --
Q Okay.
A -- to everyone.
Q Let's call them job aids. That's fine.
A That's what they are.
Q May I see them? Do you have them with you?
A I don't have them with me, no.
Q Okay. So we're going to have to rely upon your good word or I should say the good word of Nationstar that these procedures have actually been changed; is that right?
A I think I have good word.
Q Okay. And the -- is there some reason you wouldn't bring them with you so that we could look at them? Because that's a big -- that's really the central reason why you don't think that Nationstar should be punished, because you fixed it all, right, and you said you're sorry?
A No, I didn't say that.
Q Okay. Do you think this Jury ought to award punitive damages to teach Nationstar a lesson to get their business straight?

A I'm just going to rely on the Jury's objective review of everything that was talked about and make a decision. I can only do -- what I can do is make things better at Nationstar.
Q Okay. Well, do you think a punitive damage award here would be helpful to you so you can go back there and get the resources you need to make sure that this situation doesn't happen again?
A I think we have the resources.
Q I mean, you have a billion dollars, right?
A We have the resources to always be better. It's going to be up to the Jury. I'm -- alls I can do from my perspective is make Nationstar a better servicer tomorrow than what it was today.
Q Okay. And this lawsuit -- do you think it's -- has that assisted you in that?
A Yes.
Q Okay. And just for the record here, you wanted to make -- this apology you made to Ms. May, you wanted to do that in front of the Jury, right?
A No. I actually wanted to do it when I first met you folks.
Q But you wanted to do it again in front of the Jury, right?
A I'd prefer to do it every time I saw her --
Q Okay.

A -- because I feel bad about the situation.
Q That was your thinking why you wanted to apologize in front of these folks?
A I tried to apologize when it was just us and her.

MR. HUMPHREYS: Okay.

THE COURT: Any redirect?

MR. TILLOTSON: Nothing, Your Honor.

THE COURT: You may step down. Thank you, Mr. Loll.

THE WITNESS: Thank you.

THE COURT: Next witness -- that was actually part of the Defendant's case because we're kind of switching around. We're going back to the Plaintiff's case.

Do you guys have any other additional witnesses? "You guys" is a technical term. I think I'm on a street yard in south St. Louis.

Why don't you tell us what this is?

MR. WALLACE: Okay. This is Equifax's corporate representative, Mrs. Munson.

THE COURT: I'm sorry. What's her last name?

MR. WALLACE: Munson.

THE COURT: And how long is this videotape deposition?

MR. WALLACE: One hour.

THE COURT: One hour. Thank you.

(Video deposition of Latonya Munson played.)

THE COURT: That's it. Okay. Thank you.

MR. WALLACE: Next witness is Dr. Maestas, and it is one hour and two minutes.

THE COURT: Okay. We're going to try and get through that before we break if that's okay, folks. Thank you.

I'm going to step out of the courtroom for a moment. I'll be back. Keep it going. I'm just going to grab another file from my office. I might smoke a cigar, have a drink. I don't know.

(Video deposition of Daniel J. Maestas, M.D. played.)

THE COURT: Okay. Ladies and gentlemen, let me -- I'm going to let you get out of here as quick as possible, but I have a few announcements for tomorrow.

There is a chance we can submit this case to you as a Jury tomorrow. Everything has to go kind of right for that to happen. So sometimes they do; sometimes they don't.

For starters, there's the remaining -- I'm going to give you a sense for what's left. The remaining portion of this doctor's deposition is about 15 minutes or so. The cross-examination, you'll hear that tomorrow morning. It's an extension of what you've seen.

There's another short, maybe 15-minute, I think, deposition that's going to be played, some reading of some excerpts from a deposition that's going to be played, and then there's one more live witness that the Plaintiff will present, and I think that will cover the evidence.

If all that goes, again, on time and right, we can -- the attorneys and I can put together the civil -- the instructions that I need to read, the law that I need to put together to read to you before you start deliberations. There will be closing arguments and things like that before you get back into the deliberation room.

So I tell you all this for -- the main reason is just to kind of let you know what's going on. The second reason, though, is up until this point, I have pretty much controlled the clock. We started at 9:00. We're done at close to 5:00.

Once you start deliberating, I lose a little bit of that control, and the Jury pretty much let's me know when you've reached a verdict or whenever you want to take a break and come back the next day or whatever you want to do. So keep that in mind. That will be your call tomorrow.

I think that covers everything.

Again, you haven't heard all the evidence yet. You certainly haven't heard the arguments of counsel, and you haven't heard the instructions to let you know what the law is in this case.

So the attorneys and I are going to meet tomorrow morning about 8:00 to start working on the instructions so that we can try to get them done for you tomorrow.

You are not to discuss the case. Don't form or express any opinions about the case, and don't let anyone discuss the case in your presence.

Any questions about any of this in terms of timing?

Okay. We'll see you tomorrow morning at the same time. Quarter to 9:00 will be helpful. All right. Thank you.

(Court adjourned at 5:16 p.m.)

CERTIFICATE

I, Gayle D. Madden, Registered Diplomate Reporter and Certified Realtime Reporter, hereby certify that I am a duly appointed Official Court Reporter of the United States District Court for the Eastern District of Missouri.

I further certify that the foregoing is a true and accurate transcript of the proceedings held in the above-entitled case and that said transcript is a true and correct transcription of my stenographic notes.

I further certify that this transcript contains pages 1 through 204 inclusive.

Dated at St. Louis, Missouri, this 10th day of April, 2016.

/s/ Gayle D. Madden
GAYLE D. MADDEN, CSR, RDR, CRR
Official Court Reporter